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NATION'S BUSINESS

July



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5

Millions a Year in a Hidden Tax

By JAMES L. MADDEN

Babbitt Pays for Babbitt-baiting

By HARPER LEECH

"Be It Enacted"—Laws and More Laws

By R. S. HENRY

Profits, the Reward of Risks

By WILLIAM TRUFANT FOSTER and WADDILL CATCHINGS

"I'm a Farmer; Don't Pity Me"

By JARED VAN WAGENEN, JR.

The House-to-House Bugaboo! by Harry R. Wellman

Spent the 200 Millions, But— by Henry Schott

The Public's the Boss—Please Him! by M. S. Sloan

Blankets for Head Hunters, by G. A. O'Reilly

"We Can Make Cheaper Cars," by Edward S. Jordan

Storekeeping on Top of the World, by F. S. Tisdale

Making Capitalists—200,000 of Them, by Warren Bishop

Economy Reaches the States, by William P. Helm, Jr.

Uncle Sam's Handicap in Business, by Nat Olds

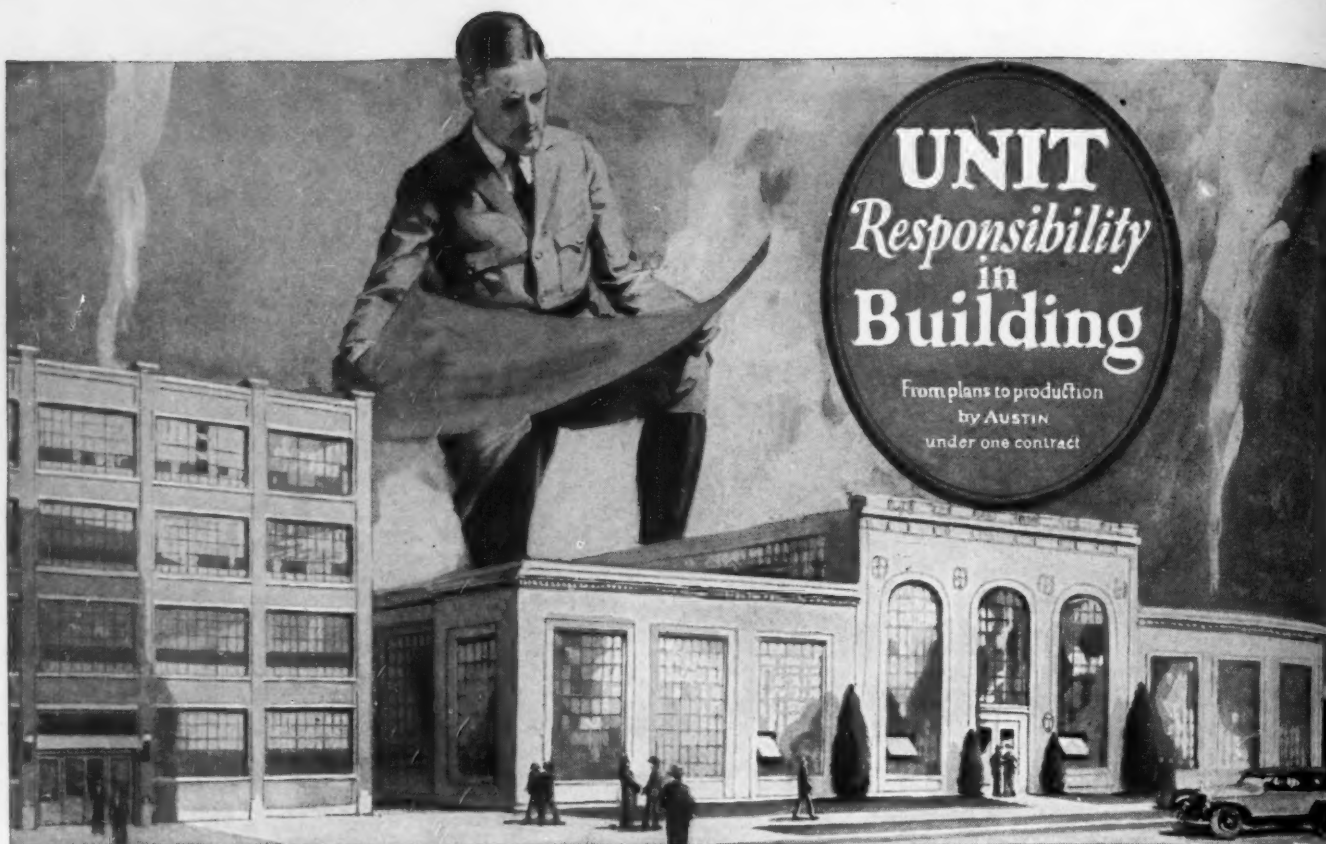
"You're Keeping Me Too Busy!" by Harry Botsford

Map of the Nation's Business on page 60

Complete Table of Contents on page 5

Published at Washington by the Chamber of Commerce of the United States

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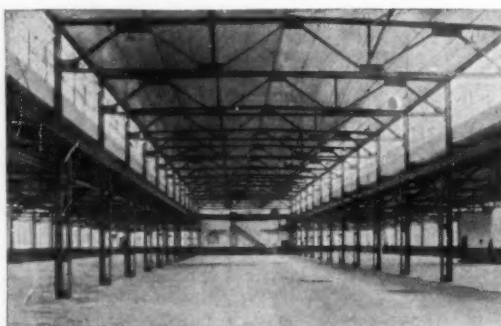
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WE GET many letters from our readers. Some commend. Some abuse. All are helpful.

Here is one which quickens our spirit. It contains an ideal we want to live up to. The writer is connected with Sanborn, Vail & Co., San Francisco. He says:

Best of all I like the magazine's general tone, its faith in American business and American business men, its principles of economics and ethics. It is sane, interesting, readable and rememberable.

I am not an owner of a business, nor a stockholder, merely an employee, but when I read your articles by the leaders of industry which show their sincerity and good faith I am encouraged to do my work a little better.

WHILE we are speaking of Babbitt and his baiters quite frankly and informally in this number, one of his baiters in the current *American Mercury* advises Babbitt not to give his money to colleges, libraries and medical schools, but to hall-room artists. It is so frank a statement of the case that it is refreshing. Here is an excerpt:

The public-spirited millionaire is usually much better qualified to absorb the earnings of other people than spend them for the public good. The first process postulates a fortunate accident of birth, good luck or shrewdness in business. The second postulates intelligence; and it is a notable fact that wealth and intelligence are seldom found in the same person.

The author goes on to say that the rich man is "unimaginative," that "his pleasures, and those of his family, may be real, but they are, objectively and aesthetically speaking, rather superficial and vulgar." Our "mismanaged" Metropolitan Opera companies, our orchestras, art galleries and our schools, now possible by Babbitt's contributions, are producing a "vulgar and unintelligent literacy." "Mr. Duke has lately put 40 million dollars into the control of a mediocre college, and the result is likely to be 40 million dollars' worth of mediocrity." In short, it would be much more satisfactory "if the individual had been subsidized directly."

To the possible objection that if an artist is subsidized he will quit work, the author replies: "What of it? A loafing artist contributes at least as much to civilization as ten industrious filing clerks."

All of which sounds fine. Any mediocre, unimaginative, vulgar Babbitt who wishes to save America's culture by endowing an artist instead of a college or a medical school may send his check to the NATION'S BUSINESS and we'll try to locate a loafing artist. Maybe the Babbitt-baiter who wrote the *Mercury* article could be prevailed upon to accept.

MANY names have been posted this month for membership in our F. L. Lodge, (Fewer Laws Lodge). Indications are that we shall ultimately include in our membership all those whose jobs do not depend on laws. That will give us a strong, fighting minority.

Mr. Clyde C. Dawson, of Denver, writes:

As usual, I have been reading with much pleasure a number of the interesting articles appear-

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ing in the last issue of NATION'S BUSINESS. I have also noted in your editorial column that you have suggested the establishment of what is called "There-Ought-to-Be-a-Fewer-Laws-Club." I am in hearty accord with this proposition and am inclined to believe that I am entitled to charter membership, for I have been preaching this doctrine for almost twenty years, apparently without much success. It all leads to bureaucracy, and bureaucracy always leads to more laws, more appropriations, more interference with business, and more tax-eaters in proportion to taxpayers. These innumerable bureaus are in themselves the makers of a vast body of so-called laws, in the form of rules and regulations.

This is the same Dawson who, so our files reveal, told the International Kiwanis Clubs last June that—

We have had such a wonderful country to develop—and until recently we were so little governed—so lightly taxed and so untrammelled in the giving of free play to the marvelous individual initiative of our people, that we took our government almost as a matter of course as we did the sunshine, the rain and the ever-changing seasons of the year.

That situation has been rapidly changing. We are fast becoming one of the most overgoverned people in the world.

If the chair hears no objections, Mr. Dawson's name will be added to the list of charter members of our Club.

CLUB NOTES

SOME one wrote us (we just can't lay our hands on the letter) endorsing our Club and suggesting as coat-of-arms a stalwart politician regardant with right foot on the neck of citizen couchant, the whole done on a field of azure with figure of the law-maker in brass. (Why not the field yellow and the prostrate citizen in putty-colored lead?) Blazoned on the margin should be, our new member thinks, this sentence from the Declaration of Independence, referring to one King George:

HE HAS ERECTED A MULTITUDE OF NEW OFFICES AND SENT HITHER SWARMS OF OFFICERS TO HARASS OUR PEOPLE AND EAT OUT OUR SUBSTANCE.

PRODUCTION figures for the first three months of 1925 from our most active industry, law-making, show a bumper crop, according to Michael J. Hickey, of the National Industrial Council. The states enacted 10,809 out of 38,844 bills introduced. While the number of bills introduced is behind the figure covering the same period of 1924, this should not be taken as cause for alarm, as the actual production of laws shows an unhealthy increase over 1924.

A hopeful sign for the industry lies in the diversification now getting under way. For example, in Connecticut an effort was made to tax bachelors, spinsters and aliens \$4.00 a head per year, and in Iowa to prevent the sale of canned heat so that users might not violate another law by drinking the alcohol in it.

"NORTH CAROLINA leads again," writes the editor of the Greensboro (N. C.), Daily News. "Our legislature led all the rest in the number of enactments. North Carolina passed 1,173 out of 1,773 bills offered. We have added cause for pride, if you call it that."

THE CLUB archives are the richer because of a scientific contribution from Dr. John Sundwall of the University of Michigan. Dr. Sundwall reports that in a certain Texas town there is a law which provides that no one may cross the street until a bell rings. Sounds simple, but wait! Habit steps in. People have become so accustomed to waiting until a bell rings that this inhibits



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tion is extending itself to office and home. The economic waste is frightful because men have come to delay starting anything until a bell rings.

Another less serious aspect is brought out by the fact that the official bell-ringer has also become imbued with the spirit of the law-abiding citizens, and needs the sound of another bell to start him. A law has been proposed by the municipality to provide that a second bell-ringer be imported as a second assistant bell-ringer.

WASHINGTON State still is at the foot of the list, 128 offered and 34 passed. Readers will recall that Brother Governor Hartley, who sent the legislature home, is one of our charter members.

FORMER Secretary of Commerce and Labor Nagel was a pleasant caller recently and contributed this thought:

"It is almost certain that, if the statutes continue to increase in numbers as is now the case, it must become absolutely impossible to insist upon enforcement."

THE United States Army has included in its "Studies in Citizenship" for use in the instruction of enlisted men four articles from NATION'S BUSINESS. For the subject, Individual Initiative, Mr. Julius Barnes' "Made in America" was chosen; for Interdependence of Industry, "The Story of a Pickle," "From India to Indiana," and "So This Is News" were taken.

ABOUT 80,000 people saw the Kentucky Derby in Louisville. Buried in the newspaper reports was a statement that there were more aeroplanes at the race course this year than automobiles twenty years ago. Think it over.

LAST month we asked what red gravy was being incited to that question by a letter-head bearing the mystic phrase, "Promoters of Red Gravy." Now the chief promoter writes to us:

Regarding red gravy, will say that this is the juice from fried country ham. Something similar to the brown gravy of roast beef with the exception that the gravy from this ham has a reddish cast. It is sometimes used to flavor the cream gravy. This is merely the extract from the ham as it is fried minus the cream that is used in making cream gravy.

And now we add another American industry to our list.

FRUGAL young Washingtonian bought a motor car for twenty-five dollars. First time out he was arrested and fined, first, a hundred dollars for speeding, and, second, ten dollars for driving without a license. When he returned to his car it required the combined efforts of three men to start it down hill.

He is our entry in the 1925 Grand Championship small-investment and quick-return contest.

MARTIN L. DAVEY loves trees, as did his father John Davey before him. He has a profound belief that the future prosperity of his native state Ohio and of the United States is largely dependent on the conservation of forests. The practical application of his belief is well known through the work of his tree surgeons. And now Mr. Davey has offered a \$4,000 scholarship in an Ohio college or university to the Ohio high school boy or girl who writes the best essay of not more than five hundred words on forest conservation. The contest will be sup-

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vised by the Ohio Federation of Women's Clubs.

If the youth of today can be interested in measures to provide adequate forest resources, the citizen of tomorrow will be in better case to solve the nation's forest problems. No one could know better than Mr. Davey that "just as the twig is bent the tree's inclined."

IN ADDRESSING a group of farm, university and public-utility representatives in Albany, Owen D. Young, of the General Electric Company, said the state of New York was losing millions every year because the development of its hydro-electric resources had been made a political football. Much of the drudgery of the farmers and their wives could be overcome through electric power now going to waste in the form of water, the state permitting "values larger than all the gold in the world to go to waste."

They say the power trust is trying to steal these natural resources for its own benefit and take them away from the people. Mr. Chairman, if there be a power trust, which I deny, most people would admit that I am competent to speak about it. It is evident that nobody can make a dollar out of these falling waters except by harnessing them for the service of the community.

No capitalization of the developing company can be had and no rates can be charged except such as are approved by the Public Service Commission of the state. What is there to this charge of stealing the water powers if they can only be developed under state control, and if they can only make their money by rates approved by the state, and if their income can only arise from putting the power which is now going to waste to the service of the people?

No oratory, no generalities, just plain facts that farmers, public-utility men and even the university representatives could understand.

FROM the morning's mail:

The patriotic appeal in business is a great thing. Sooner or later in every community, large or small, somebody has the idea that it would be a grand and glorious thing to urge the home folks to spend their money exclusively on the home-grown, or home-brewed, or home-fabricated stuff. We have all of us seen a lot of this sort of thing, but have you ever heard of this one?

Not so long ago, with another American on a business trip to England, I visited the industrial city of Hanley in the Midlands, one of the towns in the British Potteries district that Arnold Bennett has made familiar to his readers all over the world. We were looking the town over, and chanced upon a big fish-market. It contained table after table of fresh fish, large and small. Over each table was a placard reading, "Genuine British Fish." My friend inquired of one of the fishmongers whether the people really were interested in the nationality of the fish. The local merchant "really couldn't say" but thought perhaps they were. I will admit having taken an interest at the table in the fact that the potatoes were of the Bermuda variety, that the caviar was genuine Bolshevik, or that the Rocquefort was from the famous caves in France, but this idea of identifying the nationality of the raw fish in a fish-market was a new one to me.

What do you think of it?

THERE was a machine gun ready for instant action in each car, as well as four express guards armed with .45-caliber revolvers. A slightly larger car, known as a "fort," which also mounted a machine gun, was ready for a sudden counter-offensive in the event that any attempt was made to block the passage of the armored cars with automobiles.

This is not a dispatch from the battle front, nor is it from a war novel, nor from



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the subtitles of a movie thriller. It is quoted from the news of the day in the *New York Times*, telling about the transfer of securities from the old Metropolitan Trust Company, following its merger with the Chatham and Phoenix National Bank.

Ah! those quiet, peaceful days of the early west when the James boys played ring-around-the-roses and exchanged May baskets.

"ONE INSTEAD of Six; How They Do It in the United States," is the heading of the leading article in the *Allgemeine Automobil-Zeitung* of Vienna. The editor tells how he planned a nation-wide system of motor freight-and-parcel transport. But Austria came out of the war small and poor, and his beautiful plan developed no more substance than a piece of fantastic music, as he expresses it.

And here comes America and carries out his dream of motor transport. He quotes from *NATION'S BUSINESS* on the operation of united truck service for 800 California merchants.

With what longing the Vienna editor comments on the Americans' system! "All of those beautiful plans of which we once dreamed will come into existence some day," he says, "but today we can only talk of them."

In this blessed America we can do things in the everyday business that those on the other side can formulate only in hopes and dreams.

Which brings to mind that foreign editors are finding *NATION'S BUSINESS* quotable. The Argentine Chamber of Commerce, at Buenos Aires, reprinted a part of President Coolidge's address before the Eastern Division of the United States Chamber of Commerce, which *NATION'S BUSINESS* carried under the title, "A Platform of Business Principles." In the Argentine booklet the title becomes "Plataforma de Política Económica." It is "traducido de 'Nation's Business,' órgano oficial de la Cámara de Comercio de los EE. UU. de América." We appreciate the courtesy of the credit, and we welcome this spreading of economic faith.

I SELDOM tout our wares in this column but I cannot refrain from saying that the reader who fails to read "I'm a Farmer; Don't Pity Me," on page 42, will miss one of the good things of the month. For the first time in a long time the staff is unanimous in saying that it is a most interesting story.

IN THIS DAY of high-speed civilization individual effort has little chance. Society must organize, but it can be overdone, as a banker friend of New York City testifies, speaking of a funeral he attended the other day.

The dead man had been no half-hearted believer in organization. He joined 'em all; so that when the Great Summons came, it took a good deal of generalship to get the committees from his various organizations in line. In fact, it called for a committee on arrangements, which in turn had to have a sub-committee on grounds and another on procession. Cards had to be issued giving each of the thousand mourners full directions just where to be and what to do and say, 10.02, or 10.07, or 10.13.

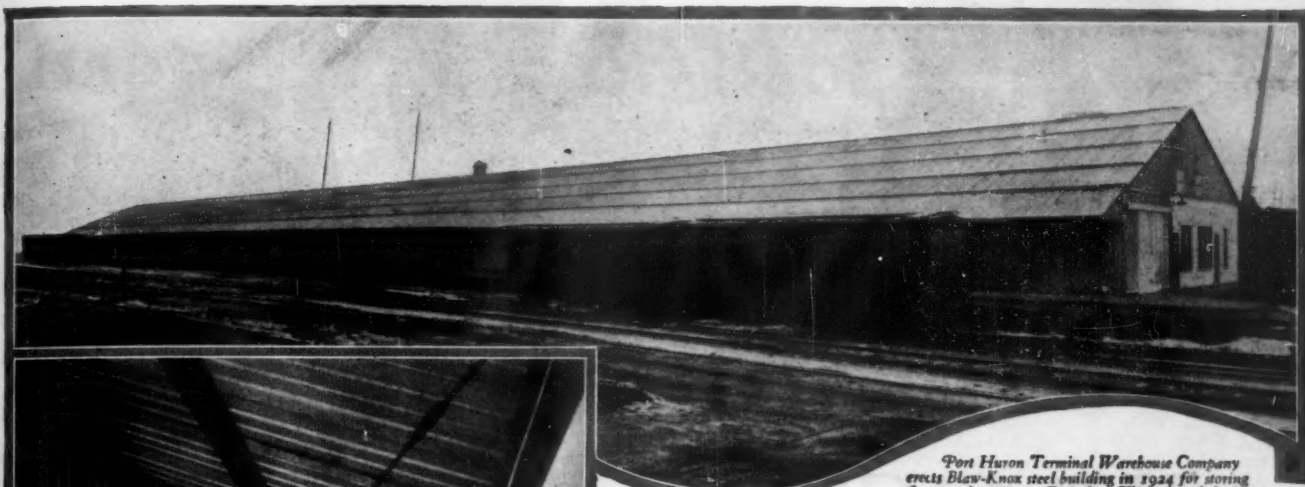
There was a great jam of silk hats and long-tailed coats and patent leathers. During a delay, while one contingent was being re-assigned, my friend remarked quietly to the man next him:

"It is a sorrowful occasion."

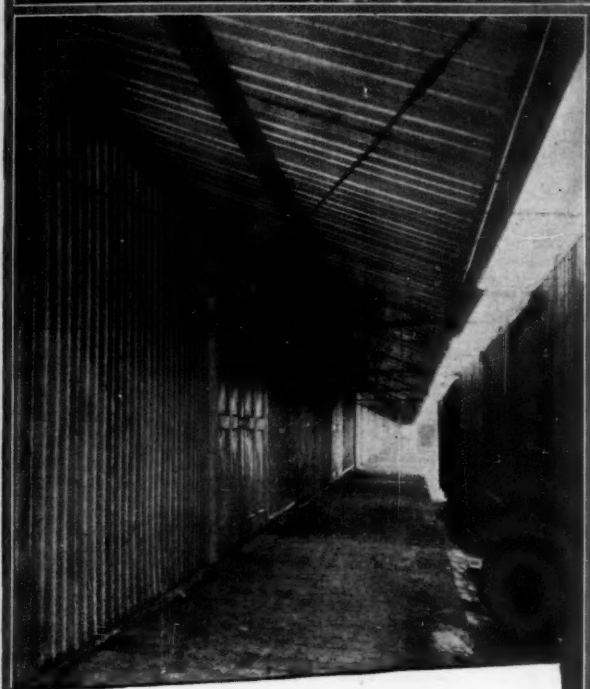
"Yes," came the reply, "but it's damn badly organized."

M.T.

Wherever railroads go— You will find BLAW-KNOX steel buildings



Port Huron Terminal Warehouse Company erects Blaw-Knox steel building in 1924 for storing flour and grain at Duluth. They extended this building with an addition in 1925.



ALONG the trunk lines of our great railway systems, where industry "backs up" to receive its freight and transport its product, one-story steel buildings are in great favor. Their sectional principle of construction, which permits of dismantling without waste when it becomes necessary to remove them to different locations, is a most desirable feature. The land adjacent to railroad property is far too valuable to be encumbered with costly masonry structures which cannot be changed without total or partial loss.

But just as there are differences in material and in the human ability to construct, so is there a marked difference in the appearance, quality and endurance of these steel buildings.

In Blaw-Knox Time-Tested buildings you have the refinements of construction and the proofs of long life, leakproof serviceability, and resistance to corrosion, fire, and rough usage, which the records of fifty years disclose. Their low cost and low upkeep recommend them for all one-story purposes over any other form of construction.

Blaw-Knox methods provide for meeting your exact specifications from standard parts—and immediate shipment and quick erection are guaranteed. One order covers everything. Send for complete descriptive literature and prices.

BLAW-KNOX COMPANY, PITTSBURGH, PA.
632 FARMERS BANK BUILDING

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All purpose, one story Buildings

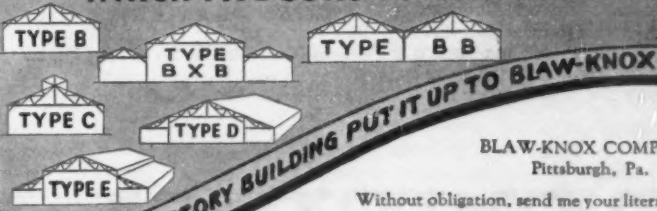
No Nail or Screw-holes—Absolutely Waterproof

"Our experience with Blaw-Knox buildings thus far has been most satisfactory. We are using one building here at Duluth, 80' x 110', for the handling of flour shipments and for flour storage. And another building, 60' x 50', is being used for the same purpose by the Port Huron Terminal Warehouse Company at Port Huron, Michigan.

"We feel that these buildings are far superior to the ordinary sheet steel structures, in that they are absolutely waterproof and almost impervious to the elements, because of the fact that the sheets have no nail or screw-holes in them. In short, we feel that the extra money required for the purchase of Blaw-Knox type buildings is well spent."

H. T. HOOPES, Secretary
McDougall Terminal Warehouse Company,
Duluth, Minnesota.

WHICH TYPE SUITS YOUR NEEDS?



BLAW-KNOX COMPANY
Pittsburgh, Pa.

Without obligation, send me your literature.

We have in mind a building, Type _____

Ft. long _____ ft. wide _____

To be used for _____

Name _____

Address _____



WAGES

A COOLIE works ten or twelve hours a day. If he carries all he can, he moves *one* ton *one* mile in *one* day. For that, he receives twenty cents. "Cheap labor," you say.

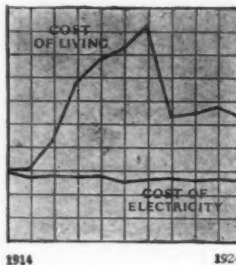
Not cheap labor. Not at all. For in America, we move *one* ton *one* mile for less than *one* cent.

The coolie laborer receives small wages and accomplishes little. The American workman is well paid and accomplishes much. For he is, in fact, a foreman. Under his direction are powerful workers, electric motors and automatic conveyors, which

do all the heavy labor for him.

America has in its service as much electrical energy as the rest of the world combined. And, through the efficiency of the electric light and power companies, the cost of this electrical energy has been kept amazingly low. (See the little chart.)

Plenty of electricity and cheap electricity—these are two great advantages which America enjoys over the rest of the world. They help to explain why we can have our high wages, our quantity production and our low costs.



Every year sees a great advance in the use of electricity by railroad men and by the managers of industries, for these men know that electricity cuts costs. Are you taking full advantage of its economies in your home, your office, and your shop? Each new discovery of uses for motors and other products made by the General Electric Company means more comfort and more economy for somebody.

GENERAL ELECTRIC

95.321

Babbitt Pays for Babbitt-baiting

By HARPER LEECH

Illustrations by Charles Dunn

BABBITT has become a part of our language. It is a common noun summing up what many think of the American business man. Our dictionary of 1975 may read:

babbitt, n., a typical unimaginative business man; a stupid dolt.

babbitt, v.i., to talk or act in a commonplace manner; to be a business man.

It is now the favored epithet of those who thrive by making faces at business. It bids fair to supplant "profiteer." If Smith does well in business and puts a fine new front on his Main Street store, stick out your tongue at him and call him a "Babbitt."

There is a world of meaning in the eagerness with which the word "Babbitt" has been taken up by business-baiters. Its use has come at a time when the business-baiter and the social rebel have formed or pretended to form a sort of contempt for the business man. Instead of calling him a swollen plutocrat, instead of drawing him in silk hat and tail coat, treading on a prostrate worker, the fashion now is to call him a simpleton, a boob, a Babbitt.

Perhaps They're Justified

AND PERHAPS the Babbitt-baiters are justified. Isn't Babbitt paying for nearly all the Babbitt-baiting? Hasn't Babbitt unconsciously absorbed and adopted as his own the blah of the Babbitt-baiters?

Could Sinclair Lewis have conceived George F. Babbitt otherwise?

And another reason why Babbitt-baiting thrives is the attitude of disparagement which business has for itself. Luncheon-club orators prate about "service" and "welfare" as the objects of business as if business—plain business—were a thing to be despised.

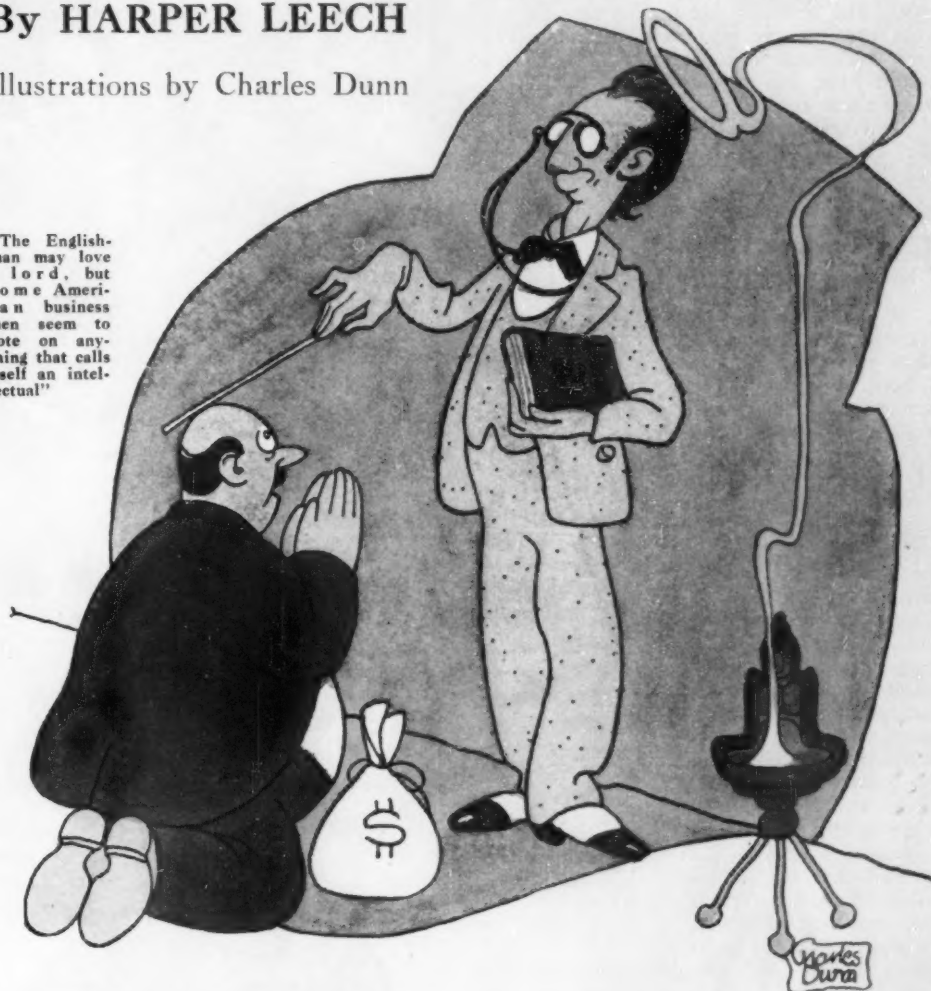
The speaker knows, and his hearers know, that the objective of any real business is profit.

He knows, or ought to know, that the quest for profit under a system of comparatively free enterprise has done more for humanity in one century and a half than all the intellectual ancestors of our Babbitt-baiters accomplished in forty centuries before.

Profit-seeking business is the motive power of a social system which the Babbitt-baiters of all stripes call "acquisitive" or "predatory." But in a century and a half this "acquisitive" and "predatory" social mechanism has stretched the span of life, converted serfs working as beasts into rulers of power-driven machinery, and taken long strides towards abolishing filth, plagues, famine and illiteracy from its bounds.

Yet the directors of this social system today are apparently so little convinced of its virtues that they persist in attempts to interpret it in terms of obsolete cultures.

"The Englishman may love a lord, but some American business men seem to dote on anything that calls itself an intellectual"



Some of these men, who apologize to business for business, borrow their phrases from the enemies of modern industrialism. And one reason why these apologists have so greatly multiplied is because the productive power of the capitalist system enables it to support a proportion of idlers far beyond the capacity of any prior social order.

The Masses Are Fooled

NOW, of course, it is impossible to discuss the age of bath tubs in the terminology of Byzantines, Barbarians or Bourbons without uttering bunk.

What is back of the reverential attitude of so many business men toward cultural anachronisms? Why is it that so many men and women of great propertied interests year in and year out give so much money to anti-social propaganda and support institutions which are patently parasitic?

The masses—and by that I mean all of us—owe their high living standards to capitalism, but they will never know it unless somebody tells them about it. And they are being told otherwise every day by the Babbitt-baiters endowed by capitalists or by

other capitalists who have developed that lucrative by-product of capitalism—commercialized muck-raking.

Is this subsidy of Babbitt-baiting by the rich the result of a survival of medieval mentality, a remainder of the old inferiority complex of the trader toward the scholar? The Englishman may love a lord, but some American business men seem to dote on anything that calls itself an intellectual.

The detached observer of capitalism in its present state of development cannot fail to note two symptoms of disease. They are:

The apologetic attitude of many capitalists in regard to their place in the social scheme.

The rapid multiplication of social parasites.

These two signs have marked the decay of other cultures and social systems. When capitalists begin to be ashamed to act like capitalists and seek the approval of their traducers, all is not well.

However, no one would be inclined to criticize the pink-smitten rich for maintaining their Babbitt-baiting pets if they really paid the entire cost of their upkeep and

play. But unfortunately that is not the case. It is upon the self-supporting and self-respecting, small-salaried, trading and professional classes that much of the burden of Babbitt-baiting falls.

The commercialized "social uplift" is constantly promoting new paternalistic ventures by governments, national, state and local. After passing the hat among their Babbitt almoners, these Babbitt-baiters turn to Congress, the legislatures and the city councils. The money they have obtained from the Babbitts helps to maintain elaborate lobbies and to organize drives upon the public treasury. The resulting tax burden falls in large part upon people who have little sympathy with socialistic objectives and would have less if they knew more about them.

Sometimes Babbitt's money gets into Babbitt-baiting via matrimony.

Brought From Abroad

FAT IOWA hogs that become pork chops in Chicago are said to have financed the husband of one fair American who treated American Babbitts to some real uplift imported from Oxford. For two or three years our newsstands carried every week an interpretation of American events in the best manner of the London periodicals conducted by "Labour" publicists, who always wear morning coats in the morning. Even the "u" in "Labour" was brought from abroad.

On the desk where this is written lies a magazine with a brightly inked cover. A Gargantuan figure in hob-nailed boots is kicking an assortment of Babbitts off the globe. The globe is being overrun by red ink, paint, blood or something.

Some of the situations which arise from the excellent financial backing and social prestige of Babbitt-baiting border on the grotesque.

It was this writer's luck during the post-war flurry of radicalism, marked by the steel strike, the Seattle revolt and similar incidents, to have wished upon him the management of an ailing afternoon paper in a western city.

The little paper had always been for the "common people" and a real friend of organized labor. It was up to the paper to support organized labor against the open-shop drive, which was treading on the heels of the radical excitement. It did. It also counselled labor to use some common sense and not hunt trouble.

One day the Department of Justice pulled off one of the absurd Red raids of that period. Three dish washers, two waiters, one elevator man, a janitor and a woman were arrested. Possibly they were Reds. The interpreters never could find out, and later they were released.

But while this raid was going on, my paper was being denounced as too conservative and conciliatory and that outcry was raised by men and women who had thousands of dollars for every dollar either he or his reporters were drawing on pay day, but nobody was raiding those nice people. Things rocked

along until we had a nice little riot with the United States Army dropping in for a visit.

The focus of much of the pink talk with which the town was rife and which had helped to create the state of mind that had flowered in riot, was a little circle led by a young man who enjoyed the friendship of gentlemen prominent in local finance and social work.

It is always to the Babbitts that the Babbitt-baiters turn when they want money. No matter what the object, whether to finance more Babbitt-baiters or to promote some artistic enterprise, "tainted money" does not disturb them.



The growth of these organizations and the amounts they obtain has been little appreciated and, of course, never accurately estimated. But the sum runs into nine figures.

In the last few years, however, mounting taxes have called attention to the other phase of their financial activities—the amounts which they extract from the public purse.

In view of the heavy contributions of business executives and great estates to Babbitt-baiting, newspaper men who have covered politics and industrial conflicts can only be amused when some outraged capitalist finds himself getting a bad break in the matter of publicity, politics or police protection in

time of strikes. Having paid for the creation of a state of mind that could have no other result, he really has no kick coming.

If he had spent money upon real economic educational work and the creation of a sound political condition based upon a really informed electorate, he would be confronted by no such conditions.

And I am not ignoring the public relations work of great corporations. Much excellent work has been done, especially by the public utilities, but far more remains to be done. All too frequently this work is offset and its purpose defeated by Babbitt-baiting financed by security holders of the same corporations.

Not all of the public-relations work of business organizations is effective. Too much of it has been committed to the hands of Babbitt-baiters, who have imported their "uplift" into business and have been selling socialism under the guise of welfare work.

Not long since, the writer received an expensive pamphlet in defense of one of our pale-pink clergymen, who has been peddling a mild variety of anti-capitalism to unsophisticated business men and their families.

The pamphlet was issued by a publicity organization which has spent several millions of dollars for industrial corporations seeking public good-will and ordering it from that shop.

In the Magazines

THAT the public-relations work of business is wholly inadequate to date may be proved by a glance over the magazine display on any newsstand. A perusal of the more serious periodicals will disclose a majority actively Babbitt-baiting or extremely sympathetic to anti-capitalist ideas.

The generosity of business men to Babbitt-baiters and their parsimony in regard to their own literary and political defense is not the only reason why they fail to get the political and publicity support that they would seem to be entitled to from the importance of their social functions.

It is the rule in this wicked old world that to keep friends one must stand by them. It is the constant observation of politicians that business men have no "gang spirit."

Perhaps this is an inevitable result of the individualism of the modern industrial system. Those who have risen to the top in competition would naturally be expected to manifest less class consciousness than men who have always been concerned in group movements. It is certainly true that our Babbitt-baiters have group spirit far more patent than any similar ties among business men.

On the other hand it is equally true that the rise to leadership in organized labor and professional politics is intensely competitive. But every labor and political reporter knows that labor leaders and politicians have a group spirit far more effective than any comity among business interests.

That is one reason why organized labor wins so many fights when the odds are anywhere near even.

Politicians have not failed to observe the

same thing that caused J. Maynard Keynes to voice wonder in his book on the peace treaty.

Keynes called attention to the fact that business men in all the warring countries submitted with scarcely

an effective protest to the most absurd charges of profiteering, preferred by men whom they could easily have compelled to tell the truth.

In this country muck-rakers for money lie about business with impunity day after day, year after year. Does business display any organized resentment? Not that you can notice.

If business, big or little, expects to wield permanently any political influence commensurate with its importance in the social scheme, it will have to quit taking insult "lying down."

The politician, noting present conditions, can form only one conclusion—that business men are not a good bunch to tie to.

The political boss who fails to stand by his friends ceases to be boss, that's all.

The discerning young man entering public life as politi-



"The focus of much of the pink talk which had helped to create the riot was a little circle led by a young man who enjoyed the friendship of gentlemen prominent in local finance and social work"

cian or publicist, soon finds that there is a better chance for political preferment in demagoguery than in frank dealing with disagreeable facts, and more money in muck-raking than in constructive discussion of public problems.

If he turns to fiction and drama, he will find it thoroughly permeated by the spirit of Babbitt-baiting. If he reads the serious reviews and the current output of books dealing with economics and politics, he will find the same tone dominant. From the platform and pulpit he will get the same notes. He cannot fail to observe that the money of rich men and women is freely given to causes in harmony with this literary and intellectual trend.

When will business learn to stand together, to meet organized attack with organized attack? When will the business man no longer submit smilingly to the kicks of the Babbitt-baiters?

This Stove Tied Up a Port

A NOTED biologist, David Starr Jordan, estimates that the average business man of today has to make 100 decisions where his father of the pre-telegraph-and-telephone days had to make a single one.

This is the story of the littlest decision I ever knew of that had an enormously big consequence.

In its commencement it was merely a decision to get a stove out of the way. In its finish it took arbitration boards and the whole power of the Federal Government to get America's greatest port open again to traffic.

And this decision about the stove was not made in or near the great port at all. It was made hundreds of miles away. At the most critical period of the war not a single freight-handler would stow a package on any scow or tug or steamship in the great port of New York.

The little stove that thus set New York's port on fire reposed, until a minute before the trouble began, in the kitchen of the Grand Trunk Railroad depot in Portland, Me. It was in the winter time, and the St. Lawrence River was frozen and the British ship *Megantic* could not load with a war cargo at Montreal. In such times of winter stress it was the custom for British liners to load at the Grand Trunk terminal in Portland, Me.

Thither the *Megantic* took her way while freight train after freight train, loaded with war supplies for England, was diverted to the Portland terminal. Ahead of them came General Manager Coleman, of the Grand Trunk lines. He wanted an office—a bigger office than the railroad possessed—to clear this burden of freight. He looked over the station

restaurant with a covetous eye. That was it—the restaurant dining-room for his staff of clerks; the kitchen for his private office. But the kitchen stove had to be lifted out to make room for his desk.

On the docks were two groups of sturdy men, capable of lifting great weights and laughing while they did it. One group was called freighthandlers, and the other group was called longshoremen.

The longshoremen were Irish, and were sons of longshoremen who knew the fine art of loading a steamship so that no bit of cargo would ever shift. Marine men had come to depend on them and high wages went with this sense of dependence.

In the other group—the freighthandlers—there were only Italians. Under a federal wage policy they ranked with the freighthandlers who move cargo from any freight car to any warehouse. The Italians unloaded freight cars on the dock at freighthandlers' wages. The Irish stowed this freight aboard ship at wages 27 cents an hour more than the freighthandlers' wage.

General Manager Coleman, over in the depot, made the first of his trivial decisions. It was to call four Italians from the freighthandlers' crew to move out the stove from his kitchen. In the great problem of getting the *Megantic* loaded this no doubt seemed to him the most inconsequential of all the decisions he had to make.

The Italians came—not the four he needed, but the entire union membership. They had a rule they had made up out of the foreign literature. It was that all the gang should work—or none. Four freighthandlers lifted

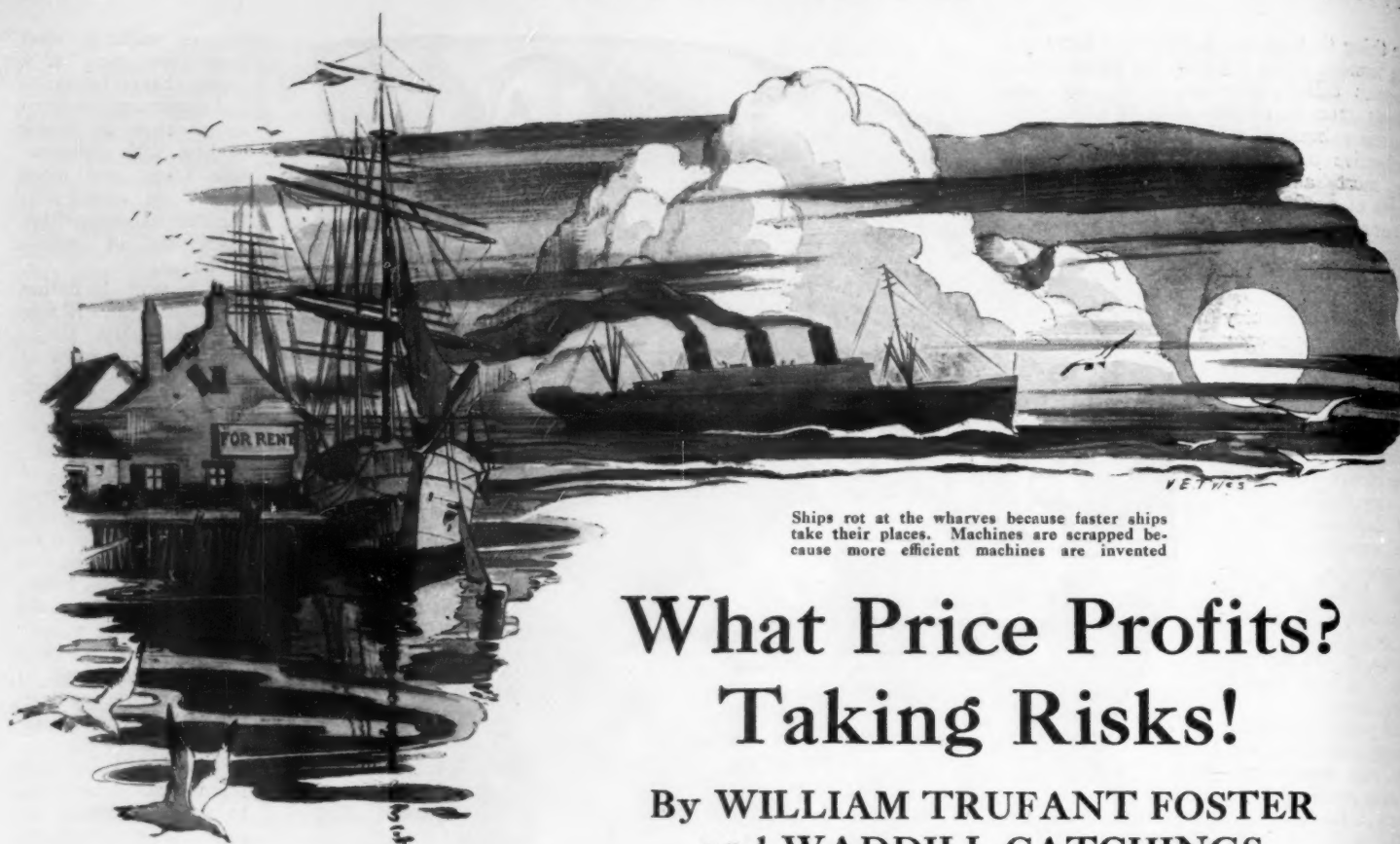
the stove while four-score looked on. Then a Soviet was called.

While the four had the stove half way out the kitchen door the boss raised his hand. The Soviet had decreed that this stove-moving work was not the proper work of the freighthandlers' union. Therefore the stove must be dropped—right where it was. And it was dropped—right where nobody could get in or out the door. The freighthandlers walked back to their dock. The general manager found out with difficulty what the trouble was. He sent for the Irish. They bounced the stove out of the way without effort.

Coleman, of course, was grateful and his gratitude betrayed him. He set up his private office and then over his desk went a flash decision. It was to give the longshoremen jurisdiction over both the ships and the cars—to perform the whole service of unloading the cars and loading the ship. The freighthandlers were duly fired and the ship was duly loaded.

In those days wages were jumping. All groups of labor were demanding equal wages with any other group doing the same work. Freighthandlers in New York harbor getting 56 cents an hour received rumors and verification of rumors in the form of letters from their freight-handling brothers up in Portland, Me. These rumors were that the freighthandlers in New York, the great war port, were being discriminated against by the little port of Portland, Me. Up there—the word flashed around from dock to dock—the wage for freighthandlers was 81 cents per hour.

Piers were deserted, cars left unloaded—the port was tied up into bowknots.—I. K. R.



Ships rot at the wharves because faster ships take their places. Machines are scrapped because more efficient machines are invented.

What Price Profits? Taking Risks!

By WILLIAM TRUFANT FOSTER
and WADDILL CATCHINGS

Illustrations by V. E. Pyles

BUSINESS losses are extensive, far more extensive than they are commonly supposed to be; and the aggregate annual deficit of business enterprises in the United States is a stupendous amount.

Even during the exceptionally prosperous war year of 1917, at least 119,000 corporations realized no profit; and their aggregate deficit was above \$629,000,000.

In 1922, more than 170,000 suffered losses. This fact is not taken into account as a rule, in current indictments of our established profit economy. On the contrary, many of them are based on the assumption that business is always conducted at a profit, usually at an exorbitant profit.

How very far from the truth this sometimes is may be seen from the Treasury Department report for the year 1921. For that year more than half the 356,397 reporting corporations declared no net income. Of these the proportion was largest in the mining and quarrying group, and smallest in the finance, banking, and insurance group.

In the former group three-fourths, and in the latter group a little more than one-third, reported no net income. In the rubber industries, about seven out of every ten reporting corporations showed losses.

Four Billions Lost in 1921

THE combined deficit of all corporations was nearly \$4,000,000,000. What does this mean in terms of effort and reward? It means that 185,158 corporations, far from receiving any compensation whatever for rendering twelve full months of service to society, paid about \$4,000,000,000 for the privilege.

The proportion of concerns that escape loss varies considerably from year to year. In 1919 about two-thirds, and in 1921 fewer than one-half of the corporations in the United States reported net incomes. In 1920 nearly 73 per cent of the corporations in the lumber group reported net income, but in 1921 fewer than 45 per cent. For the same years, the

proportion in the metals group fell from about 67 per cent to about 35 per cent.

Concerns in the mining and quarrying group had about two chances out of five of making a profit in 1920, but in 1921 the chances were reduced to one in four. All these facts are revealed by the reports of the Treasury Department on *Statistics of Income*.

A study of the profits and losses of 934 firms, recently completed by the Standard Statistics Company of New York, shows that during the three years, 1921-23, many branches of industry failed to earn as much as 5 per cent on their capital.

Few Industries Escape

AMONG these unfortunate industries were coal, copper and brass, farm implements, fertilizers, lead, zinc and nickel, leather, machinery, paper, shipping, steel and iron, and cotton goods.

Exactly what the losses were it is impossible to tell, since some financial reports do not yet show exactly what is covered by such terms as "capital," "net earnings," and "depreciation." But of this there is no doubt: A large proportion of the individual firms in these groups, possibly a majority, did not receive a return on their capital, during this three-year period, equal to the current rate of interest on savings-bank deposits.

And of this further fact there is no doubt: At the end of 1921, many industries as a whole had nothing but deficits to show as a reward for the year's labor. The deficit in the copper and brass industry appears to have been 2.75 per cent of the capital; in the rubber goods industry, 3.50 per cent; in the automobile industry, 6.75 per cent; and in the fertilizer, leather and sugar industries, above 10 per cent. Other industries that suffered losses in 1921 were farm implements, household supplies, lead, zinc and nickel, and machinery.

The earnings on capital stock of Swift and Company fell from 46.2 per cent in 1917 to 3.4 per cent in 1920, and the following year there was a loss of 5.2 per cent. Contrasted with earnings of over \$34,000,000 in 1917, there was a loss of nearly \$8,000,000.

The idea prevails that there is a "normal" rate of profit, a rate around which at any one time the rates of various industries tend to cluster. If the rate of return in any field is much higher than the average, it is said, more enterprisers will enter the field, and the rate will fall; and vice versa. So rates always tend toward an equality.

No doubt there is such a tendency. In the long run, no doubt, it has a leveling influence. But we may well inquire what bearing this has upon the practical problems of any given year, or any two or three years. In the past, economists have been concerned mainly with long-run rates; here we are considering short-run rates.

Many current proposals for taxing business, regulating railroad tariffs, controlling prices, fixing interest rates, and turning private business over to the Government are based on the assumption that there is a certain rate of profit that business men ordinarily receive.

Condemned as "Profiteers"

IF ANY of them fail to realize the "normal" return, they are supposed to be reckless risk-takers. If any succeed in obtaining far larger returns, they are condemned as "profiteers." Evidently many who use that vague epithet are convinced that business men do not gain much more than the "normal" rate of profit except through reprehensible means.

As a matter of fact, among successful enterprises there are extremely wide variations in profits and in losses. War and the weather, fashions and finance, politics and business

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cycles do not affect in the same degree the profits and losses of any two industrial groups or of any two individual concerns. Not only does the sum total of business profits fluctuate widely from time to time, but also the profits of the various industries and of different concerns in the same industry.

Losses also vary widely among concerns in the same industry. In 1921, twenty-six automobile concerns lost \$6.75 and twenty-three sugar concerns lost \$10.75 on each \$100 of capital.

Among retail jewelry firms in 1922, according to a study by Prof. M. T. Copeland of Harvard University, those with a small turnover showed a loss of 4.6 per cent, while those with a large turnover showed a profit of 1.4 per cent.

There Are Always Failures

AMONG retail shoe stores, those with a stock turnover of less than 1.4 times lost 3.4 per cent on net sales; while those with a stock turnover of 2.2 times or more gained 3.9 per cent.

The precarious nature of business enterprise is further revealed in the records of business failures. In the United States, in good years, nearly one per cent of all the concerns engaged in business fail; in bad years the proportion of failures is more than twice as large. In no quarter of 1919 did the number of failures reach two thousand; but in every quarter of 1922 the number exceeded five thousand. Even in the heights of general prosperity, there are many thousands of business failures.

Against the existing order the charge is often brought that property rights are secure while the rights of wage-earners are insecure.

"Property rights," says Scott Nearing, "have been so construed as to give property owners a first claim on production and to make property income a fixed charge on the industry of the community. This priority of claim has played a leading part in raising property to a position of supremacy in the economic world. The risks of industry, the burdens of economic uncertainty, and the losses incident to the dislocations by the industrial systems are carried in the first instance by labor. . . . The priority of property income goes hand in hand with its superior stability."

As far as profits and dividends are concerned, this contention is contrary to fact. The risks and the losses due to the uncertainties of economic enterprises fall first upon capital. Wages not only have priority of claim, but they are actually paid before it is possible to tell whether there will be any profits.

Nothing Left to Divide

AT THE end of each year, more than 100,000 corporations, having paid wages throughout the year, find that there is nothing left for dividends.

During the past few years the Central Leather Company and the Amalgamated Leather Companies, for example, have kept on doing their part to provide shoes for millions of people, paying wages regularly, while the stockholders have had no other return on their investments than the satisfaction of meeting a universal need.

For many years past various railroads, built from the savings of 100,000 stockholders, have paid every dollar of wages, at rates fixed by law, without paying one dollar of dividends.

What induces capital to work without in-

come? It is not mainly altruistic motives; business is not and cannot be conducted as philanthropy. The one motive force that keeps profitless concerns at work is the prospect of profit. Even in 1921, though the unsuccessful corporations lost nearly \$4,000,000,000, the successful corporations gained a little more than \$4,000,000,000. Both the successful and the unsuccessful rendered their services to society and ran the risk of loss in the hope of making profit.

Thus, by allowing some corporations to realize profit, society induces others to continue to do their best. As a matter of fact, it is always true that some of the activities which, from the standpoint of society, are most beneficial, are carried on at extremely low social costs by concerns that are struggling to get their balances out of the red.

There are times, it is true, when large numbers of workers are laid off by concerns, some of which continue to pay rent, interest, and dividends; and this involuntary unemploy-

dom of choice; they spend their money when they please, where they please, and for what they please. Consequently, they have the final word concerning prices.

But, it is said, the freedom of the consumer to choose is restricted on every hand by advertising, special inducements, fashion decrees, and all the other beguiling arts of salesmanship. This objection, a very common one, obscures the issue.

It is true that in a thousand ways the choice of the consumer is *influenced*; but his freedom to choose among all the products that are offered to him is not thereby restricted.

He is as free to cast his vote in the markets, regardless of the claims of rival products, as he is free to cast his ballot at the polls, regardless of the pleas of rival candidates. No matter how many times he is urged to eat an apple a day to keep the doctor away, he is free to eat something else. No matter how many bill-boards point their arrows at him, he is not obliged to buy chewing gum.

All the maker can do is to *beg* the consumer to buy what he makes; the consumer can



ment is a grave and valid charge against the established money-and-profit economy. To ascribe these periodic depressions to the security of property income and the relative insecurity of service income, however, is to ignore the facts. Those who seek to help matters by increasing the risks of investors are only making matters worse. A better social order requires greater stability and permanence of incomes and less involuntary unemployment for labor and capital alike.

Losses are inevitable because risks are inevitable. They are, for the most part, due to uncertainties that are inherent in human nature and in the nature of economic enterprise. These uncertainties are not the artificial creation of gamblers, but necessary attributes of a living social organism. As these risks are not susceptible of reliable measurement, somebody must carry them. No business man can escape all of them; if he escaped all other risks, he would have to face the risk of dying of dry rot.

The necessity for taking risks is due chiefly to the fact that consumers always have free-

*Scott Nearing, *Income*, New York, 1915, pp. 159-160, 162.

force the maker to make what he buys, or go out of business. Under these conditions large business losses are inevitable.

A profit economy is indefensible, it is said, because profits are "something for nothing."

"What happens," says Prof. Harry F. Ward, "when the net surplus of an enterprise is appropriated as profit by one participant or set of participants is that they have secured an advantage over the others and thereby obtained something for nothing. These are the essential elements in profit."

Here, in a pamphlet just issued by the League for Industrial Democracy, we have a fundamentally false assumption. Any discussion based upon it is necessarily misleading. The essential element in profit is not the acquisition of something for nothing, but compensation for risk. He who lends what he owns—machines, buildings, money wherewith to buy them, money to advance as wages, in short, capital in any form—contributes something and runs the risk of losing it. If, instead of losing what he thus lends, he gains a profit, it cannot be said that he has obtained something for nothing.

The Reward of Risks Taken

A FARMER who lends his tractor or his money to a neighborhood enterprise, and receives part of the income as a reward, knows that he is not receiving something for nothing. An engineer who deposits his savings in a Brotherhood bank does not regard the interest he receives as something for nothing. There is no essential difference between lending a man capital goods and lending him the money wherewith to buy capital goods.

Clearly, then, the profits and the losses of business enterprise are the outcome of risks that have been taken. It follows that whatever reduces risks tends to reduce both profits and losses.

The Great Atlantic and Pacific Tea Company, for example, narrows the range of its risk by scientific cost accounting, by selling only for cash, by investing very little in each of its stores, by carrying nothing but staple commodities, and by freeing itself from dependence on the trade of any one locality. Thus the company makes less than 4 per cent of profit on each dollar of sales; but, as the records show, it has little danger of loss. The ordinary grocer, on the other hand, through incurring far greater risks, has a better chance of making a large percentage of profit on his sales; but, as the records show, he is in far greater danger of making no profit at all.

It is a matter of common observation that profits and losses are likely to be great where uncertainty is great; in million-dollar film productions, for example, in the construction of buildings where strikes are imminent, in the summer-hotel business, and in the development of oil properties. Profits and losses on women's hats are much larger than on men's hats because of the greater difficulty in forecasting demand.

Grocery stores show a small percentage of

profit on sales of staple articles, such as sugar and salt, the demand for which is constant, and a large percentage of profit on sales of fancy goods and perishable products, such as caviar and strawberries. Since profits and losses are due to risks, and risks are due to uncertainties, it follows that the chief way to reduce profits and losses is to reduce uncertainties.

This requires, first of all, increased knowledge. We should have more accurate and more nearly complete statistics concerning stocks of goods on hand, current and contemplated output, planting intentions, contracts awarded, building construction, sales, prices, wages, employment, consumers' purchasing power, savings, and other factors that cause fluctuations in consumer demand.

If the first necessity for reducing the uncertainties of business enterprise is increased knowledge, the second necessity is publicity for such knowl-

Losses are likely to be great where uncertainty is great—as in huge movie productions



edge as we have. Indeed, of all the available means of reducing losses, the one that transcends all others in effectiveness is widespread distribution of dependable information.

The more the business world knows about dangers ahead, the less dangerous they are. A storm that is accurately predicted does not wreck many ships. When farmers know from reports concerning intentions-to-plant that there is danger of too large or too small an acreage of corn, they change their plans. When manufacturers know that there is likely to be a shortage of silk, they husband their supplies, revise their production schedules, prepare to use substitutes, curtail commitments for future delivery, and in various other ways forestall the anticipated trouble. In

short, if extraordinary happenings in the business world are clearly seen in the offing, they are not likely to occasion either extraordinary profits or extraordinary losses.

Yet, as a rule, business has been conducted in the dark. Business men have jealously guarded information about their undertakings, particularly about their profits. They have regarded secrecy as a legitimate, indeed, a necessary business asset.

But private enterprise is not justified in withholding information, the circulation of which would reduce the excesses of business cycles, business losses, the resultant loss to society, and the cost of supplying the needs of the community at all times.

Compulsory publicity is justifiable because public welfare requires effective competition, and effective competition thrives in the light. Indeed, one of the chief motives of secrecy is to render effective competition impossible.

It is, then, sound public policy to reduce business risks; and the chief means of reducing risks is through spreading accurate information as widely as possible. This is a function for which the Government is well qualified.

As no government is qualified to take over the functions of price, no government should attempt to regulate individual prices. But regulation of profits necessitates regulation of prices. Clearly, then, direct regulation of profits and prevention of losses by the Government is beyond the bounds of possibility. But profits and losses spring largely from ignorance, and public education is primarily a function of the state.

Do the best we possibly can, however, risks cannot be eliminated. Consequently business losses cannot be eliminated. This problem, in some form or other, would persist in any conceivable human society.

Evade the Problem

RADICAL reformers, however, usually evade the problem, and for this reason most of their theories are fundamentally fallacious and most of their experiments disappointing.

They call the system which occasions these losses a "profit economy," never a "profit-and-loss economy"; and when they indict the system, they usually ignore the minus side of the account.

Much of our proposed industrial legislation and some of our existing laws also ignore the possibility of business losses, or are framed on the tacit assumption that in any given year a corporation need have no anxiety either about losses suffered in the past or losses that may be suffered in the future. Thus mistakes made in matters of paramount economic importance—the levying of profits taxes, the

example, the fixing of legal minimum wages, and the regulation of railroad rates.

One of the chief consequences of business losses is the elimination of the relatively unfit. This is accomplished by the consumer himself in the ordinary routine of exercising his freedom of choice. By means of the dollar franchise, he determines who is to make profits—who is to be allowed to stay in business. With his dollars, he votes for his industrial representatives. He votes to continue in office those, and only those, who make the articles he buys, and who distribute them in ways and at prices that come nearest to satisfying him.

Which Shall It Be?

IN THIS way he increases the trade of chain stores and ruins many independent, high-cost merchants. In the same way he is now deciding which manufacturers of automobiles are to be allowed to continue producing, and which of the two hundred or more makers of tires—five of whom are equipped to supply the total demand—are to go out of business. He is forcing publishers, as well, to watch the election returns. Of three newspapers in a certain city, one will soon be obliged to suspend publication. Which shall it be? The people will decide.

If a man does not succeed in realizing profits, sooner or later a more efficient man takes his place; and this is for the good of society. Indeed, it is in the very process of selecting the fittest for survival and eliminating the rest that profits and losses in the long run conduce to material progress.

This process of killing off the unfit is even more ruthless in its operation than natural selection among human beings, for in business the process is not tempered to such an extent by humanitarian impulses. Every year, as we have seen, many thousands of men fail in business. As a rule, they are men who use labor and materials in such ways as to contribute less to society than their competitors. Under abler direction this part of the wealth

of the community would do the community more good.

In a price-and-profit economy few enterprisers can long hold their own who are reckless, or over-cautious, or lazy, or wasteful, or unprogressive. Few can survive, whatever

sive, and consumers have freedom of choice, and private enterprises are free to compete for their patronage and to create new desires, and individual initiative is encouraged by the prospect of profits, business must run risks and suffer losses. Out, and forever out, must go the relatively unfit.

How this beneficent function could be performed in a radically different industrial society is difficult to see. Obviously it would not be performed at all, except in slow and bungling ways, if profits were abolished and the Government controlled all industries. For, since such control would furnish no standards of comparison, the people would never know how much better their industries might be managed.

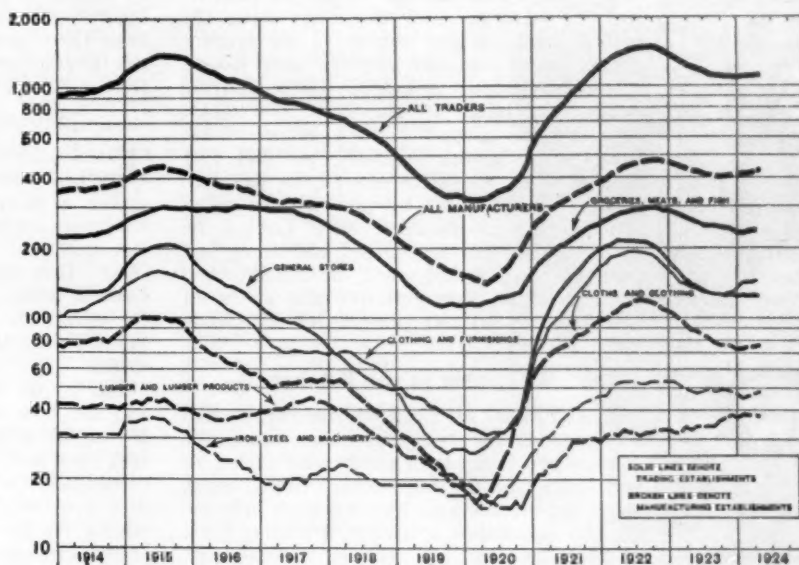
High Standards Set

THERE could be nothing comparable to the pace set and the standards provided by the rivalry of Western Union and Postal Telegraph, of Buick and Studebaker, of Sears, Roebuck and Montgomery Ward, of the Waldorf and Childs restaurants—to go

no further into the long list of keen rivals, with the services of which the public is familiar.

Furthermore, even if the inefficiency of certain public servants were notorious, we know from long and costly experience that it would be next to impossible to get rid of them. Indeed, the necessity for eliminating them as quickly as possible appears to be overlooked by those who are now seeking to abolish profits. The very fact that there are many business failures is regarded by one critic as "an indictment against the capitalist system, since they represent a large economic waste."

Indeed, they do; but how much greater the waste is when, as is certain to be the case under government control, the relatively inefficient are not promptly eliminated—often not even discovered. The ruthless functioning of profit and loss, though at times hard on the least capable individuals, is most economical for society—is, indeed, best in the long run for the least capable themselves.



Number of business failures by classes of establishments, 1914-1924. From the *Survey of Current Business* of the United States Department of Commerce, June, 1924, page 25

their personal qualities may be, whose costs are relatively high or whose forecasts of consumer demand are especially faulty. To allow such men to continue in charge of industrial enterprises is to disregard public good, as it would be under communism, or socialism, or any other industrial organization. To eliminate such men is one of the chief functions of profit and loss.

Business losses, in short, are a part of the price we pay for progress.

Corner grocers fail because chain stores and mail-order houses develop cheaper methods of distribution. Mines are abandoned because richer mines are discovered. Machines are scrapped because more efficient machines are invented. Ships rot at the wharves because faster ships take their places. Textbooks are discarded because better books are written.

Such losses could be avoided only in a static society. As long as society is progres-

The House-to-House Bugaboo!

By HARRY R. WELLMAN

Professor of Marketing, Amos Tuck School

ONE OF my friends, a manufacturer of knit goods, took me out to luncheon the other day. He looked troubled. After ordering a perfectly good meal—which I ate—he looked gloomily at me and said: "Harry, if this house-to-house selling keeps up, we're ruined. Our merchants are kicking, we're losing customers right and left. People are convinced that we are robbers and that the house-to-house canvasser is about the only honest merchant left in the world!" That reminded me of a talk I had just had with one of the local merchants in Lebanon, New Hampshire. He said: "Well, if it doesn't stop before long, we'll put out canvassers ourselves, that's what we'll do."

Returning to Hanover, I found a letter from a business revivalist who had perfected a plan whereby local merchants were to combine and fight the house-to-houser with advertising stressing local patriotism and other things!

And if you pick up almost any trade publication, you'll find some reference to this new "menace" to honest business. But it doesn't bother me a bit. Almost everything that happens, happens for some good and sufficient reason.

Therefore, it was up to me to find the reason before getting all haired-up about it. Were we changing our buying habits? Were we menaced by this "new" method of distribution?

Being rather a conservative by nature, I thought not, but imagine my surprise when I found to my own satisfaction at least, that not only were we not menaced by this method but that it had already passed the peak and was clearly subsiding nearly as rapidly as it had arisen!

If one doubts this statement, all one has to do is to go around and try it. Right now, it is necessary for even successful house-to-house manufacturers to make appointments before their representative calls. A brush company uses postcards and also promises a "free gift." In fact, so intense has the soliciting become that the housewife is not over-keen to open the door to anyone that

attempts to get in without an appointment. There are a lot of other reasons, too, all of which very seriously affect the continuation of this method. In order to fully appreciate just what is happening, however—when at the moment there seems to be more house-to-house selling than ever—it is well to review those conditions that make this type of selling either possible or profitable.

"I Urged Him to Cheer Up"

SO WHEN my friend painted his gloomy picture, I urged him to cheer up and eat his food while I told him what had happened and why. First of all, house-to-house selling isn't a new development. It started long before we were born and will undoubtedly continue long after we are dead. When it performs a useful service, it is quite defensible. When it doesn't, it becomes just another unproductive branch of our well-known selling tree.

House-to-house selling goes back to the tin peddler. Communities were scattered. Homes were practically isolated because of lack of roads. Towns, as we now know them, didn't exist.

The old peddler, calling around spring and fall, performed a very real service. He was a merchant and, moreover, a merchant who gave service as do the merchants of today. But he was more than a merchant, he was also a trader. He gathered up rags, bottles, rubbers and paper and left new, shiny

pans, mops, screw-drivers and what not.

Besides his merchant-trader services, he was a bureau of information. He even brought the news that "they had fired on Fort Sumter" and that "he reckoned there was going to be trouble." He was also a purveyor of necessary drugs and often "took orders" to fill on his next trip. In fact, he was the modern store of today doing the best he could to give service to the country population before the day of good roads.

The tin peddler is indeed worth studying because he offers us the best information regarding the present house-to-house attack. Reading his history carefully, we find that as long as he was a tin peddler, he was successful. When, lured by the calls for many articles that he shouldn't have carried, he bought a new horse, enlarged his wagon and tried to carry a full stock, he failed. And he failed from slow turnover and overstock just as many of our present-day merchants fail.

Welcomed in the Kitchen

ANALYZING his stock still further, we find that on his last trips, even when the country had begun to be pretty well settled, he was welcomed to the kitchen. Pots, pans, mops and brooms were his then stock in trade. He had established a custom, a trading habit if you like, that has endured to this day. That is why our housewives still like to buy kitchen utensils in the kitchen. It is a trading habit handed down by generations of grandmothers, a tradition still effective and still worth while.

The reason the condition still remains the same and the tradition still endures, is because the method performs a real service. Brooms, brushes and mops are purchased only when the old ones are worn out. It is not as easy to make a list of this material as it is to look over the new stock in the kitchen, look over the old utensils and buy the needed new ones.

As yet there is no "kitchen utensil complex" that causes the housewife to dash off to the store to buy a new brush, broom or mop. Besides, she knows it won't change style and will arrive at her kitchen sooner or later anyway. So she waits.

Or take the matter of pots and pans, now become agate or aluminum ware. It's not easy to measure and list sizes to be replaced. It's much easier to select in the kitchen where easy comparison with the present equipment can be made and it is easy to see where new pieces can be made to "help out" the old ones. Therefore, the housewife sees the spring advertising of various types of aluminum or agate ware, fixes some particular new piece in her mind that she'd like to see, then waits for it to appear in the kitchen where she can compare it with what she now has.

And she is entirely sensible. Kitchen utensils, brooms and brushes are not shopping goods. Their value is fairly evident; their uses well known. There is no style value. The sensible thing to do is to buy them where comparison is possible, where actual needs can be determined and where economy by multiple uses can be worked out. In other words, in the kitchen, and so she buys them there and will continue to do so unless too frequent interruption changes this method from a service to a nuisance.

Stores Don't Push Sales

THIS condition and this state of mind are helped materially by the fact that no store makes a particular drive for this business. Hardware stores carry much of this material. But hardware stores are not shopping centers. They are not frequented by women. General stores do carry these items but with the exception of a half-hearted spring- and fall-showing, they make no attempt to sell them.

But let us return again to the tin peddler and see how he came out with other lines. He carried a few laces and ribbons and these sold very well until there were stores enough established to make comparison possible. Moreover, the early mail-order houses were adding to his troubles by furnishing illustrated catalogs which made comparison possible even before there were nearby stores. Clothing, underwear, shirts and shoes, piece goods even, suffered from comparison and the poor peddler found that he had unsalable stock on his hands.

The reason that was obvious then is the same reason that is obvious now: There is no real service performed by house-to-house selling of shopping goods or of style merchandise of any type. Had there been, our grandmothers would have established a trading habit that their granddaughters would be following today.

"All very well," you say, "but how about the house-to-house sale of hosiery? That's successful, isn't it?" Yes, for the moment it is, but for an entirely different set of reasons and reasons that will not endure. Silk stockings as a style struck us with all the force of a plague during the war. The working man, the working woman, boys and girls, were getting more money than they had ever received. Naturally, being very human, they wanted to prove it, to show to the world in general that they, too, had arrived. Silk stockings had always indicated a certain class distinction; so had silk shirts, fur coats, talking machines and diamonds. So these articles were bought and lavishly displayed. The silk style had come in and, unlike many styles, it remained.

Why Silk Stockings Sold

THE real reason why the house-to-house sale of hosiery was successful was twofold: First of all, the local merchant had not sensed the style trend and therefore did not stock the merchandise. Moreover, if the local merchant did stock, he "carried" the old conservative browns, blues and blacks. And if anyone is unconscious of the fact that the styles of 1921-1925 dictated many color changes, from beige to elephant's breath and from flesh to pink, such an observer should dash to an oculist.

The local merchant couldn't keep up with the procession. He didn't know the difference between tête de nègre and fawn—and I don't either! So, the house-to-houser, with a complete line, found a ready market and robbed the mail-order houses of the legitimate business they would have secured had



"So intense has house-to-house soliciting become that the housewife is not over-keen to open the door to anyone that attempts to get in without an appointment!"

they been just a little quicker in putting their hosiery illustrations in color.

The second reason is also the main reason why many articles have sold from house to house during the past five years that shouldn't be sold in this manner and that will not continue to be sold in this manner. Briefly, this reason is the oldest reason in the world: difficult if not hard times, with the absolute necessity of making one dollar do a major job. In the cities this was not so important, for the department stores through their "Sale-a-Day" and bargain basements were pouring forth any kind of merchandise, at any price. This was distressed stock made by over-enthusiastic manufacturers for a market which did not exist.

Waited for the Bargains

SO THE city housewife who had to be saving, simply "waited out" the merchant carrying what she wanted and then, when he cut the price, went down and purchased. The house-to-house seller during this period simply carried this service to the smaller cities, towns and farms.

But since there was an over-supply, since the trade channels were all filled and choked with overstocks, and since the country sister wanted the same bargains her city cousin was getting, these bargains were carried to her by house-to-house canvassers. Everything from machine-made dresses to shoes in wearing apparel, all types of electrical equipment, shirts and hats for Johnny, Mary and the baby! All were available because there was a real market at the prices asked.

This readiness to carry the goods to the consumer, however, is one of the chief reasons for the downfall of the method. In the old days, the bi-yearly visit of the peddler was a social event. Until recently, the occasional visits of the kitchen-utensil men were eagerly awaited. In the meantime, the telephone, magazines, newspapers and, more recently, mechanical music, radio and the Ford car, have usurped much of the former idle time of the housewife. So, with the influx of all of these new salesmen, the doorbell became an irritation and the visit an interruption.

It should be pointed out that this pressure of trying to sell all types of merchandise to the homes has already made it more difficult for the real service utensil salesman to "get in." Even now, new "free goods" propositions have to be worked out frequently, to get the door open to the salesmen. In other words, the peak has passed and, given a reasonable amount of time, this particular type of sales effort will return to its normal status.

Stores on Truck Bodies

"YES," said my friend, "but how about these self-service stores that they're now running on truck bodies? Pretty clever idea all right but if it works, good-by local merchant."

They are clever; in fact, they complete the merchandise cycle in this country. The old peddler went out through the country in a wagon, over what were called roads, trails and lanes. In the meantime, his descendants have become general stores, department stores, specialty stores, chain stores and mail-order houses—but the country has become settled, the roads have changed from mud to macadam (mostly) and the old peddler idea returns on rubber wheels with the newest cafeteria "self-service" idea at your very door.

While interesting, this experiment has so far proven successful only when operated by the owner. If profits are figured as wages, if warehouse and other transportation charges

are avoided and if the owner can buy in sufficient quantities to get a wholesale price, he can make a living. Operated with these charges and making a profit over and above, hasn't been found very feasible to date. In addition, these self-service stores do not attempt to sell in isolated communities. They must have reasonably thick population and operate "routes" with groceries and canned goods much as the milk man now operates his route.

It must also again be pointed out that even while in the experimental state, these traveling stores have limited themselves fairly strictly to convenience goods like groceries. This again emphasizes the point that shopping goods cannot be sold in this, or any other, house-to-house manner over a period of years. Experiments will continue but the increasing number of failures in this particular field further indicate our return to normal merchandising methods.

Not Housewife's Fault

HOW soon this desirable condition is reached, however, depends not upon the housewife but upon two very definite conditions, namely, the general business condition of the country as reflected in purchasing power and the attitude of the manufacturers regarding over-production.

General business conditions in the main appear to be fundamentally sound. To be sure, business is bad but the relative position of all basic business and raw materials is greatly improved over last year. In a word, business having fairly well cleaned out its house, is ready to go. There is no reason to believe it will go with a rush; in fact, there is every reason to hope that it won't as this country is in no position to attempt to absorb more over-production, nor yet is there a profitable market abroad.

Which makes our second reason all the more imperative. Manufacturers have been told by the wholesalers, the retailers, press and pulpit and by their own trade associations that there is over-production in too many commodities and specialty lines. This condition of over-production, with its resultant wastes which have to be paid for by someone, has brought forth a warning from the Secretary of Commerce himself. For three years manufacturers have not heeded these warnings. For three years banks have continued to furnish the funds to make this over-production possible. For three years this surplus merchandise has had to be scrapped through sales and basements.

These sales have changed the buying habits of a nation. They have made shoppers of us all, and it will be some time before we return to normal. But in addition to this change in buying habits, these sales have raised the price of other merchandise and have put a higher percentage of cost on a



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"House-to-house selling isn't a new development. It started long before we were born and will undoubtedly continue long after we are dead"

smaller volume of units. In other words, this volume has been made up of hundreds of styles and models where formerly ten styles and models would have been ample. If one style didn't sell, make a new one; if your competitor offered forty models, offer at least forty-one yourself. Never mind the profit. Get your stuff sold.

Canvasser Will Disappear

JUST as long as this lack of standardization is allowed to continue and just as long as great merchandise surpluses are allowed to accumulate, just so long will selling costs per unit remain too high. And just as long as they do remain too high, the house-to-house method "to cut selling costs" will flourish like the green bay tree. Moreover, the manufacturer who has tried this method of selling house-to-house to "take care of his surplus," is encountering a very proper resentment from his regular trade and is finding his regular distributors unresponsive.

"And so," I told my friend, as he cheerfully paid for our lunch, "the peak is passed. Do your share and get your friends to do their share of sensibly planned manufacturing, and the house-to-house canvasser of other than home-service items will disappear from the face of the earth."

Frank Wiggins, Builder of a City

THIRTY-NINE years ago a Quaker saddle-maker stood at the threshold of Los Angeles. He had come from Richmond, Indiana. His name was Frank Wiggins, and he was thirty-six years old. He was traveling light, for he had come "out West" to die.

In those days Los Angeles was a sleepy town with a population of a few thousands and a rich endowment of the spirit of *mañana*. It seemed a likely place for a man to come to his end.

But the climate did something to Wiggins. It set up his body and set fire to new enthusiasms in life. He took to prodding the soil with a hoe, and the soil responded with a bumper crop of fruits and vegetables.

Wiggins got too busy to die. He became a flaming evangel of faith in the great destiny of the town that had given him health and strength. The gospel of the earth's beneficent fertility and the roseate prosperity of the years to come he preached to all who would listen to him.

A wheelbarrow was his first pulpit. In it he placed the products he had taken from the soil. With them he confounded unbelievers and won converts to his faith wherever he went. The wheelbarrow gave way to a horse and buggy, and the field of his missionary service expanded—and thus it was that he "sold" California sunshine and scenery to David Wark Griffith when that grand seignior of the movies was about to set up shop.

Parochial success was too narrow to satisfy his restless zeal—the gospel must be carried to the world outside California.

He Got Himself a Job

HE WENT to the chamber of commerce, a somnolent body with little more to its credit than its name. By showing how he could serve the chamber he got himself made "Superintendent of Exhibits." His belief in his community was infectious, and with the support of the chamber he presented a comprehensive display of agricultural products in the town's largest assembly building. The success of the exhibition led to the establishment of a permanent display under his management.

From that time his determination to make known the resources of his community was expressed with daring originality and bold initiative. He was the first man to use a railroad train for community advertising. He sent exhibits with lecturers to important cities throughout the United States. The possibilities of advertising with motion pictures he turned to quick account. The need for getting the good-will of business men in tributary trade regions he saw, and met with the organization of trade tours.

He was the first to see the tremendous publicity value of the famous boardwalk at Atlantic City, teeming with sight-seers from all parts of the country, and he put his foresight to work in an attractive exhibit of California's soil wonders. But he relied strongly on the power of the printed word. At one time he used twenty-six national agencies for distributing information on California and her products.

The campaign brought results. With every extension of the work new residents poured into Los Angeles by thousands, and mail inquiries by tens of thousands. The whole state reaped such a harvest from this man's passionate devotion that successive governors appointed him state commissioner to the ex-

positions at Omaha, Buffalo, St. Louis, Chicago, Portland, Jamestown, Seattle, San Francisco and Atlanta. At the fairs held in those cities, and at many lesser ones, Mr. Wiggins organized comprehensive displays of California products.

The response to California's invitation to settlers is indicated by the magnitude of state societies within her boundaries—the Iowa societies of southern California now have more than 300,000 members; from Illinois came 280,000 persons; from Missouri, 225,000, and from Ohio, 200,000.

In two decades Los Angeles rose from twenty-sixth to fifth place in rank by population, and her per capita wealth rose to \$2,974. For thirty-four years Mr. Wiggins was the head of the chamber and his leadership brought the membership up to 10,000 before he died.

He Was an Optimist

ALTHOUGH Mr. Wiggins was an optimist, a "bull" on any movement for the good of his city, he foresaw that a mushroom growth of population carried the germ of prosperity's destruction—jobs must be found for the newcomers and new industries must provide the jobs. Then began a campaign for enterprises that would give the desired employment. At this crisis in the city's development Mr. Wiggins found a young engineer, A. G. Arnoll, with an executive ability and constructive imagination to project his vision.

They agreed to put their faith in informative facts, rather than sentimental generalities, for success in advertising the city's resources and facilities. The industrial department of the chamber was reorganized to meet the changed conditions, and that the chamber and the cooperating organizations have been adequate to the challenge of their opportunities is attested by the fact that the city which a few years ago lived only on "climate" now has an annual industrial production valued at more than \$1,000,000,000.

The city has become the center of a thriving agricultural development—\$65,000,000 worth of truck crops, citrus and deciduous fruits, grains, nuts, and olives are marketed every year, and the value of the canned fruit is placed at \$10,000,000. The fish business is a big business, the sales amounting to 159,000,000 pounds, with the value of the canned fish at \$8,000,000. A dozen meat-packing plants annually turn out products worth \$58,000,000. The availability of flour, fruits, and nuts in ample quantities encouraged the establishment of baking, confectionery, and ice-cream enterprises which every year sell products with an aggregate value of \$60,000,000.

A Dependable "Go-Getter"

THREE hundred factories, with 17,000 power machines, turn out wearing apparel valued at \$32,000,000. Planing and wood-working plants now roll up a total output valued at \$58,000,000, and in a year furniture makers produce pieces valued at \$30,000,000.

Every addition to the city's industries whetted the desire for more, and the industrial department of the chamber was a dependable "go-getter." It built up the business in automobile parts, bodies and accessories to approximately \$40,000,000—the publishing, printing, and engraving business to \$29,000,000—the production of fixtures, cabinets and the like to \$25,000,000—the output of tile and clay products to \$16,000,000—paints and varnishes to \$10,000,000—tires and rubber

goods to \$13,000,000—chemical products to \$20,000,000—and the iron-and-steel machinery business to \$107,000,000.

And then the city turned to the sea for outlet of its many products, and the sea has been good to the city. Of petroleum alone more than 107,000,000 barrels went out to every part of the world. The fishing fleet increased from 850 vessels in 1923 to 1,350 in 1924. The firms in foreign trade were barely a score in 1920; now there are about twelve hundred. The total value of the commerce passing through Los Angeles harbor is estimated at \$600,000,000 a year. The city needed a port, and it made one at San Pedro, twenty miles away, at a cost of \$25,000,000.

The nation knows so well of the immense oil developments of Southern California that it is only necessary here to take note of the annual production of petroleum, which now amounts to 264,000,000 barrels, valued at nearly \$160,000,000.

And when Americans think of California—and all good Californians see that they do—they are likely to think of movies and of the men and women who live and work in the California film world of make-believe. No one knows just how much money goes into the making of all the photoplays produced in California sunshine, or how much money comes back to the producers for their pictures. Los Angeles is the center of the movie business, with more than 200 producing companies and 58 studios. Their weekly payroll is estimated at \$1,300,000. Some of the companies require several acres for their mechanical equipment, properties, and "sets," and employ at times as many as twenty thousand persons.

600 Industries in a Year

DURING the year 1924 the chamber brought in six hundred new industries, increasing the total to 5,700.

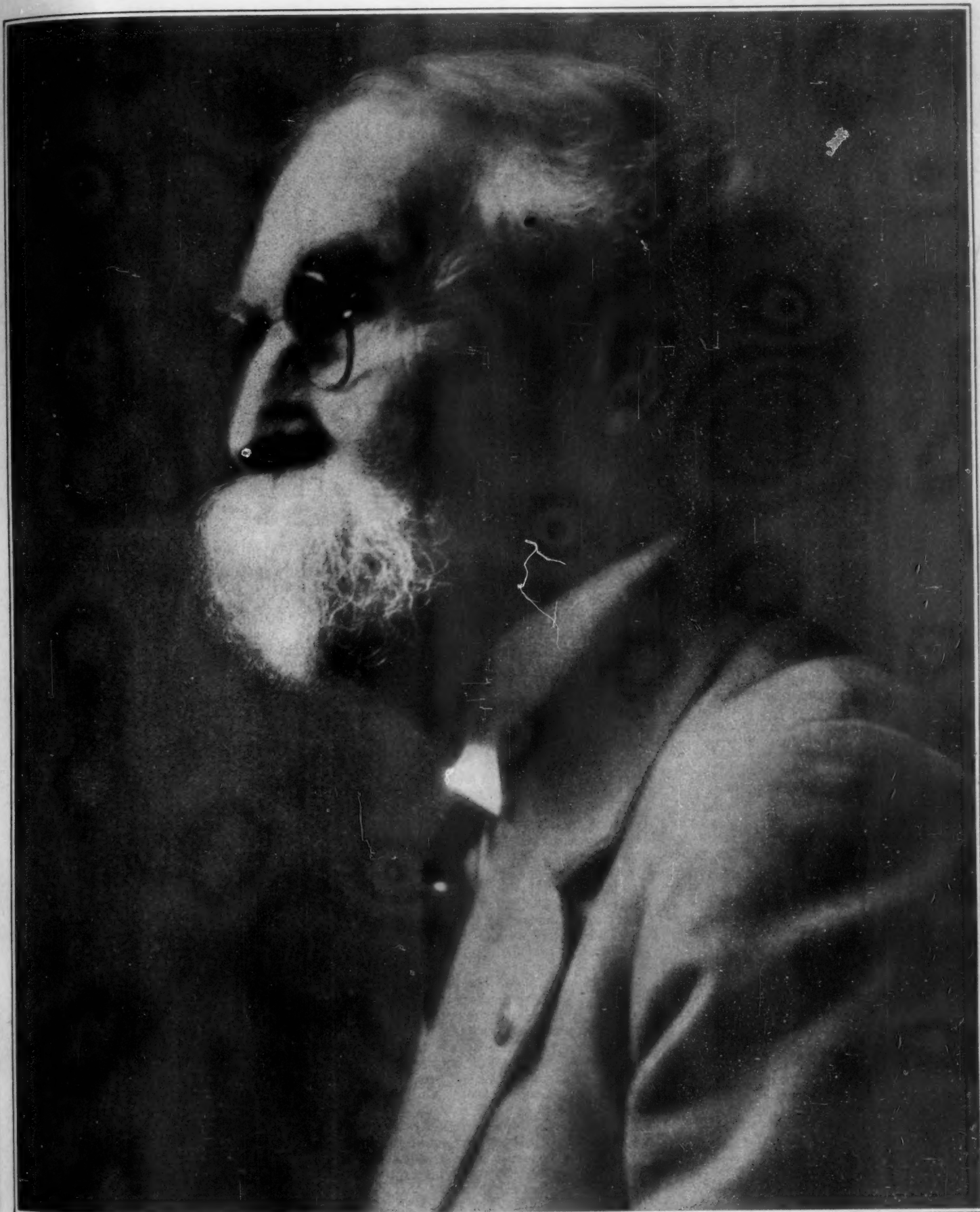
So does Los Angeles thrive on her well-organized industries and a rich agricultural hinterland. Nature provided a healthful climate, but the goodness of sunshine and fresh air did nothing for the community until advertised. Then came new settlers to California—an eager and expectant horde. They found a country opulent in promise and ready for cultivation. The land beckoned and fulfilled its promise. But all the newcomers could not live off the soil, and the surplus turned to the city for sustenance. To provide a sufficiency and a diversity of industries that would employ the abilities of the increasing population was the task of Frank Wiggins at seventy. He wanted no fabulous beanstalk of a town merely to amaze a wondering world. He builded soundly and securely so that those who might carry on his work need not fear for its foundations.

The stranger within the gates of this city will find reason to regard it as a miracle town, a marvelous metropolis made with twentieth-century magic. But if he walks about the city and talks with its business men, he is as likely to regard it as a monument to the faith and good works of one man, for everywhere he will hear of "Wiggins, the man who . . ."

All the world now knows of Los Angeles, and mostly because Frank Wiggins lived and worked there. As his faith once triumphed over sentence of death so will his works endure to inspire other men to good deeds.

That is immortality.

M.T.



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TO NO MAN does Los Angeles owe its greatness and its commercial prosperity more than to the late Frank Wiggins, long secretary of the Chamber of Commerce of that city. Frail in health, he overcame that handicap by a spirit which never faltered. For forty years he labored to make Los Angeles. He saw that sound

growth must utilize every advantage. He capitalized climate; he helped develop the agricultural possibilities of the surrounding country; he invited industry to a certain and growing market. His was a rounded job. He had faith in his work, he made others share that faith. Truly a remarkable man, Frank Wiggins!

59 Millions a Year in a Hidden Tax

The Unsuspecting Policyholder Pays It All and Without Thought of Protest

By JAMES L. MADDEN

Cartoons by Albert T. Reid



TWENTY-THREE kinds of taxes are paid by one rubber company, according to a statement made by its president in the June number of *NATION'S BUSINESS*. This prompted many men in the country to make a list of the various taxes their institutions have paid, and some of them were surprised to the point of irritation.

The findings of the tire manufacturer apply only to his own company, and it is the general opinion that corporations are called upon to pay more different kinds of taxes than the individual.

Perhaps that is true; but if the individual will look into the subject of his own taxes, direct and indirect, he will learn some basic facts regarding that very interesting question, "What becomes of the money I make?"

Your life insurance represents an important portion of your annual expenditures. No policyholder looks upon that as an extravagance or a waste. In reality it is an investment, and it is one of the great means of creating and encouraging thrift among the American people.

Their Thrift Is Taxed

HOW many of the millions of men and women who use life insurance as a means of protection and of saving and building an estate know that their thrift is subject to penalties in the form of indirect, hidden taxation? This is equally true about other forms of insurance. A policyholder having life and fire-insurance contracts pays not one tax but, in many cases, fifteen or twenty. These are not the real-estate or regular taxes paid by the insurance company in common with other forms of business, but little special added imposts which each state fixes for itself. Even some of the cities find means of adding to the cost of insurance through imposts.

Insurance companies, life, fire and casualty, collect these taxes and pay the money to the various governmental treasuries; but the money comes from the policyholder—not only the amounts the states get but also the collection costs.

In 1923 the policyholders in the United

States paid more than \$59,000,000 in these hidden—to the policyholder almost unknown—indirect taxes. That added cost for insurance would pay for nearly \$6,000,000,000 worth of fire insurance for a year; or would make an annual payment for \$1,000 of life insurance on well over 2,000,000 persons at the age of 35; and that \$59,000,000 is not all of it, because the figures don't include special municipal taxes, licenses or fees—all out of the pockets of the insured.

Increasing Year by Year

YEAR by year these added costs are being increased by the states. Forty out of forty-six states reported more revenue in 1923 through indirectly taxing policyholders than they received in 1922. The increase in the total amount collected by this means in 1923 was 12 per cent over the preceding year.

Originally these taxes were imposed for the purpose of paying the cost of operation of the various state insurance departments. The states have supervision of insurance. This is intended to benefit policyholders, and it is right that they should pay for it.

In fact, only one-twentieth of all the money collected by the various states in the form of special taxes on insurance is used to maintain these departments. If the money collected from the policyholders in only one year were put out at 5 per cent interest, the yield alone would pay for all state supervision and regulation of insurance. Ninety-five per cent of the money taken from the policyholders in these hidden tax assessments is spent for purposes having nothing whatever to do with insurance. From 1915 to 1923 the expenses of the state insurance offices increased 154 per cent, but the policyholders' taxes were raised 245 per cent.

By reference to the chart on page 26, you can see just what policyholders in your state are contributing through their insurance premiums.

The states charge the insurance companies with the responsibility of collection of these taxes, but the special tax figures do not include the cost of collection. The companies

have to use their highly trained organizations to collect these special indirect insurance taxes and must bear the cost. It is estimated the total expense for collection, by insurance companies, is at least 15 per cent of the taxes, which of course is paid by the policyholder and should be added to the \$59,248,527.35.

When policyholders are singled out for special insurance taxation, the amounts collected should be used for their benefit. Actually this is not the case. Based upon information received from 46 states and the District of Columbia, the percentage of the special taxes spent for service by the states has constantly decreased.

One would expect the states to appropriate at least sufficient money for the proper maintenance of their insurance departments. Last winter some of the state insurance commissioners had to ask their legislators for additional funds for operating purposes. In Pennsylvania, for example, the insurance commissioner stated it was impossible for him to carry out certain provisions of the insurance law because of lack of funds. Yet in 1923 the policyholders of Pennsylvania contributed more than \$5,000,000 through hidden taxes, and of this only \$86,750 was spent for special service for policyholders.

Here Are Some of Them

POLICYHOLDERS seldom realize the multiplicity of the various types of special taxes hidden in their premium dollar. Here are some of them:

Premium tax, license tax (company), fee for filing annual statement, fire department tax, fire marshal tax, agents license fees, publication fees, retaliatory taxes, pension funds, school taxes.

To analyze even in a general way just one of these special taxes—for example, the premium tax—would take a page of this magazine. This is probably the most unjust tax paid by policyholders. The percentage collected varies. In some states it is based on the gross premiums collected; in a number of others it is based on the gross premiums

less return and reinsurance premiums; while in still others the amount on which the taxes will be levied is determined in ways different from either of these.

Inasmuch as the tax levied upon the gross receipts of an insurance company is similar in its effect to the tax upon the gross turnover of any other business, this fact must be kept in mind in any comparison that is made between special taxes on insurance and on such other business. To be comparable, the tax on industrial plants or mercantile establishments should be on gross sales. A tax of 3 or 4 per cent on the gross sales of a business would result in a wave of protest. Yet the tax on insurance is just as real, although not so apparent.

The Needy Pay Heaviest

BECAUSE of the extra mortality of industrial policyholders and the heavier expense loading which is necessary to meet the cost incidental to the method of collecting premiums, the premium rate is higher for industrial than for ordinary insurance. As the taxes are based on premiums, the industrial policyholders as a class consequently pay a greater amount of tax in relation to a given amount of insurance than the holders of ordinary policies. The individual who is badly in need of insurance, but must carry it on a weekly-payment plan because of his financial circumstances, is thus given an added penalty by the state.

We all know the older we are the more our premium will be when we purchase life insurance. We also know the amount of our fire-insurance premium is largely influenced by the hazards incidental to the kind of business we are in. The older man taking life insurance or the employer with a slightly more hazardous business must pay more special insurance taxes to the state than the younger man or the employer with a less hazardous business, and this in spite of the fact each has the same amount of insurance. Of course this is discrimination.

Falls on Policyholders

AT TIMES increases in special insurance taxes are camouflaged by imposing them only upon those insurance companies doing business in the particular state but domiciled in some other state. These companies are known as foreign companies. As these increases are legitimate expenses of doing business, they are passed along to the policyholders. The legislature, in effect, added another tax to policyholders in these foreign companies. Assuming though these taxes are not paid by their citizens, is it fair for any state legislature to impose taxes of this type payable by citizens of other states? However, when the domestic insurance companies of such a state do business in other states with lower special-taxation laws, they frequently have to pay the same tax rate upon business procured in these states which their home state applies to foreign companies. This is due to retaliatory laws, and, of course, the policyholders again pay the additional taxes.

Various insurance commissioners have deprecated the departure from the original idea of special insurance taxes intended to support the insurance departmental supervision and now used primarily as a source of general revenue. These men are in an impartial position as public officials. The National Convention of Insurance Commissioners on different occasions has very definitely opposed existing special methods of insurance taxation.

Clifford Ireland, director of the Depart-



ment of Trade and Commerce of Illinois, publicly condemns the unfairness of the indirect special-insurance taxation situation in his state. The Bureau of Insurance is a division of Mr. Ireland's department. The Dailey Investigating Committee of the Illinois Legislature in 1923 went on record against imposing taxes of this kind which "become a burden on the frugality of our people." In Kansas the state superintendent of insurance, Mr. Baker, proposed to abolish the premium tax; but in public statements he was reported as having no hope of his proposal going through the 1925 legislature. He thought it might lead to the appointment of a commission to study and revise the insurance laws as well as methods of taxation. Unless men of the type of Commissioner Ireland and Commissioner Baker have the support of business men, little change in existing methods of special insurance taxation may be expected.

Why Do They Do It?

IT IS difficult to understand how legislators, in view of the opinion of public officials charged with the responsibilities of supervising insurance in the public welfare, may continue the collection of constantly increasing sums from a special class of people who are endeavoring to provide for a rainy day. State legislators find it increasingly difficult to provide methods of revenue. They view insurance companies as huge aggregations of capital from which, in some indefinable way, they can abstract a large amount of revenue without affecting the public. They consider the companies as a source to which they can go whenever the amount derived from other sources is insufficient.

Little do they realize that a large portion of the funds which attract their attention are reserves. Not understanding the purpose of reserves, they do not recognize that these reserves are only a fund held to pay policyholders' claims, and that the greater the special tax levied upon policyholders the smaller will be the proportion of the policyholder's dollar which goes into the fund. As a general proposition, legislators do not know they are taking money out of the pockets of policyholders or diminishing the protection which could be bought by them.

Little or No Protest

THE few legislators who do realize that policyholders pay these special taxes make little or no protest against raising revenue by this means, because these taxes are levied ostensibly upon the insurance companies and the records for premium taxation are so easily obtainable. These special taxes are so "painless" to collect.

Here is a case which clearly brings out this point. A city wanted more revenue and decided to place a special tax on fire insurance. The cost of the insurance necessarily had to be increased by a corresponding amount. The city took the matter to court on the plea that the insurance carriers were discriminating between their citizens and those of other cities. The court decided those special taxes were part of the cost of doing business and may be included in the cost of insurance service. The city officials then said this amounted to taxing themselves, which they did not intend—and, of course, they were right.

The trend of Federal taxation is downward, while that of the states continues to mount. As the budget demands increase, so does the need for more money. Indirect taxation is a method which meets little or no resistance. In the last twenty years the state of Ohio, as an instance, has changed from a direct to an in-

Special State Insurance Licenses, Taxes and Fees Collected in 1923

States	Licenses, taxes and fees collected by State Insurance Department, treasurer or other state official	Expenses of Insurance Department	Ratio spent for service to policyholders	Ratio used for other state purposes
			Per Cent	Per Cent
Alabama	\$619,810.36	\$19,023.86	3.07	96.93
Arizona	140,198.68	5,680.00	4.05	95.95
Arkansas	480,232.88	17,199.41	3.58	96.42
California	5,109,011.85	64,974.74	1.27	98.73
Colorado	534,103.59	40,503.62	7.58	92.42
Connecticut	3,193,463.78	47,371.76	1.48	98.52
Delaware	125,567.49	5,700.00	4.54	95.46
Dist. of Columbia	261,011.55	18,401.66	7.05	92.95
Florida (a)	550,687.39	6,500.00	1.18	98.82
Georgia	700,266.63	12,161.24	1.74	98.26
Idaho	190,640.57	7,720.84	4.05	95.95
Illinois	4,219,660.53	142,260.16	3.37	96.63
Indiana	1,436,095.40	60,361.09	4.20	95.80
Iowa	1,247,385.12	96,532.72	7.74	92.26
Kansas	935,808.00	43,509.55	4.65	95.35
Kentucky	1,055,266.97	30,093.29	2.85	97.15
Louisiana (b)				
Maine	363,916.76	12,127.03	3.33	96.67
Maryland	758,915.92	44,905.03	5.92	94.08
Massachusetts	2,405,234.22	116,050.39	4.82	95.18
Michigan	1,925,035.70	46,588.80	2.42	97.58
Minnesota	1,370,078.39	58,510.87	4.27	95.73
Mississippi (c)				
Missouri	1,981,450.36	89,296.70	4.50	95.50
Montana	314,046.97	11,025.07	3.51	96.49
Nebraska	434,337.47	25,000.00	5.76	94.24
Nevada	21,277.00	1,800.00	8.46	91.54
New Hampshire	290,935.99	10,236.36	3.52	96.48
New Jersey	2,649,916.00	152,727.27	5.76	94.24
New Mexico	92,896.69	3,534.72	3.81	96.19
New York	5,972,329.95	551,844.08	9.24	90.76
North Carolina	998,447.57	430,000.00	3.00	97.00
North Dakota	288,595.81	13,701.09	4.75	95.25
Ohio	3,758,094.84	70,347.12	1.87	98.13
Oklahoma	806,094.38	33,363.52	4.14	95.86
Oregon	312,556.27	29,029.59	9.29	90.71
Pennsylvania	5,102,622.32	86,750.00	1.70	98.30
Rhode Island	439,933.19	13,891.66	3.16	96.84
South Carolina	370,956.72	21,182.06	5.70	94.30
South Dakota	333,944.43	16,619.06	4.97	95.03
Tennessee	1,141,455.00	25,476.00	2.23	97.77
Texas	1,613,877.41	46,036.85	2.85	97.15
Utah	167,471.29	7,105.23	4.24	95.76
Vermont	250,440.54	9,117.30	3.64	96.36
Virginia	1,097,540.47	48,876.91	4.45	95.55
Washington	879,603.81	54,788.71	6.23	93.77
West Virginia	603,157.22	17,135.66	2.84	97.16
Wisconsin	1,586,581.17	39,014.49	2.46	97.54
Wyoming	117,572.71	1,389.74	1.18	98.82
Totals—1923	\$59,248,527.35	\$2,305,465.25	3.89	96.11
Totals—1922	52,522,475.24	2,315,388.79	4.41	95.59

a—Treasurer collects all.

b—No segregation of taxes or expenses.

c—No data obtainable.

d—Estimated by Insurance Commissioner.

Note: While the tabulation is complete in so far as insurance department expenses are concerned, except for Louisiana and Mississippi, it is important to note that in the case of some states all the taxes, licenses and fees are not included. As for the amounts collected by counties and municipalities in those states permitting local jurisdictions to tax insurance companies and their agents, it was found no central state agency had compiled the information.

direct basis of taxation for state functions. Today the policyholders of the Buckeye State are paying about one-eighth of the total state government expenses, but they don't know it.

There is agitation in Florida for the enactment of a fire-marshal's law, a laudable piece of legislation, which should be beneficial to the public as a whole. The cost of this, though, is to be placed upon fire-insurance policyholders through an additional special tax, although the State of Florida is now spending only a little over one per cent of the \$550,687.39 now collected in special taxes for service to policyholders.

Various states support health departments from general revenue. So should state fire-marshal services be maintained. Both function for the public welfare regardless of classification of citizens as policyholders or non-policyholders. Yet this Florida measure has been favorably reported from committee. Presumably there was no interest taken in it by policyholders' organizations, yet the policyholders will pay for it.

Last year an insurance code was introduced in Congress for the district of Columbia.

against it. The lower house of the West Virginia legislature just before its adjournment passed a bill for increasing their premium tax. This did not become a law. Since then a committee has recommended this proposal to a special session of the state legislature although the State of West Virginia in 1923 received \$603,157.22 from policyholders through special taxes. This is a substantial increase over the sum collected in 1922. In 1923 the state spent \$17,135.66 for service for policyholders. Expressed in terms of percentage, this is smaller than the figure for 1922.

The Charleston, West Virginia, Chamber was particularly active in behalf of the policyholders in its community. Through its efforts the facts were brought to the attention of other chambers of commerce and trade associations

In the course of drafting this it was proposed to be partially correct the existing injustices being done to District policyholders through special imposts. In 1923 these policyholders paid \$261,011.55 through hidden special taxes. Of this sum \$18,401.66 was spent for service to policyholders. The rest went into the general fund which helped pay operating expenses of the District, none of which was so closely allied with policyholders as to justify special taxation.

When the bill was printed, though, this attempt at corrections was eliminated. Instead of lowering the amount of revenue receivable from special imposts, the code provided for an increase. On inquiry it developed that a legislator was responsible for this because he maintained that the various states used policyholders as a source of general revenue. This change, however, was made without consultation with any policyholders' organization and in fact no policyholders' body protested

in West Virginia with the result that progressive bodies such as the Wheeling Chamber of Commerce become interested. It is gratifying to know that this proposal for an increase in premium taxes was not passed by either house of the West Virginia state legislature.

The theme of the Insurance Session of the Thirteenth Annual Meeting of the National Chamber dealt with "Responsibilities of Policyholders."

In the course of the remarks of the chairman of the meeting, the following statement was made:

"Not long ago the distinguished insurance commissioner of a big western state publicly recommended: 'The propriety of taxing insurance premiums is a question worthy of very detailed investigation. Such an indirect tax is inordinately expensive to the citizens of the state. If the removal of the premium tax would be followed by a corresponding reduction in the premiums, a sum in excess of one and one-half million dollars a year would be saved the insurance-buying public of this state and with a loss of only three-quarters of a million dollars in taxes.'

Up to Policyholders

WHETHER the special imposts are to be permanently added to the burdens which policyholders are already carrying in their premium dollars will depend upon the policyholders themselves.

In cases of this kind, policyholders through collective action in their chambers of commerce and trade organizations can do much to prevent further increases in special insurance taxes and help correct the existing unfair methods.

There is a definite need for closer cooperation with the state insurance commissioners and members of the state legislature so they may know just what business men are thinking about such matters as special insurance taxes. It is difficult for a policyholder individually to follow the different types of insurance legislation which might affect his interests. Collectively, though, it is not only possible to do this but also to make a very real contribution.

That business men are appreciating this more and more is evident from the fact that there are about 66 per cent more insurance committees in our member organizations today than there were a year ago.

The Chamber of Commerce of the United States, acting upon investigations made by its Insurance Department relative to special insurance taxes, licenses and fees, adopted the following resolution in May, 1924:

Special state taxes now levied on policyholders through insurance companies should not be considered as a source of general revenue but should be reduced to the total in each state which will adequately support such state's departmental supervision, and a uniform principle of taxing the holders of insurance should be adopted throughout the states.

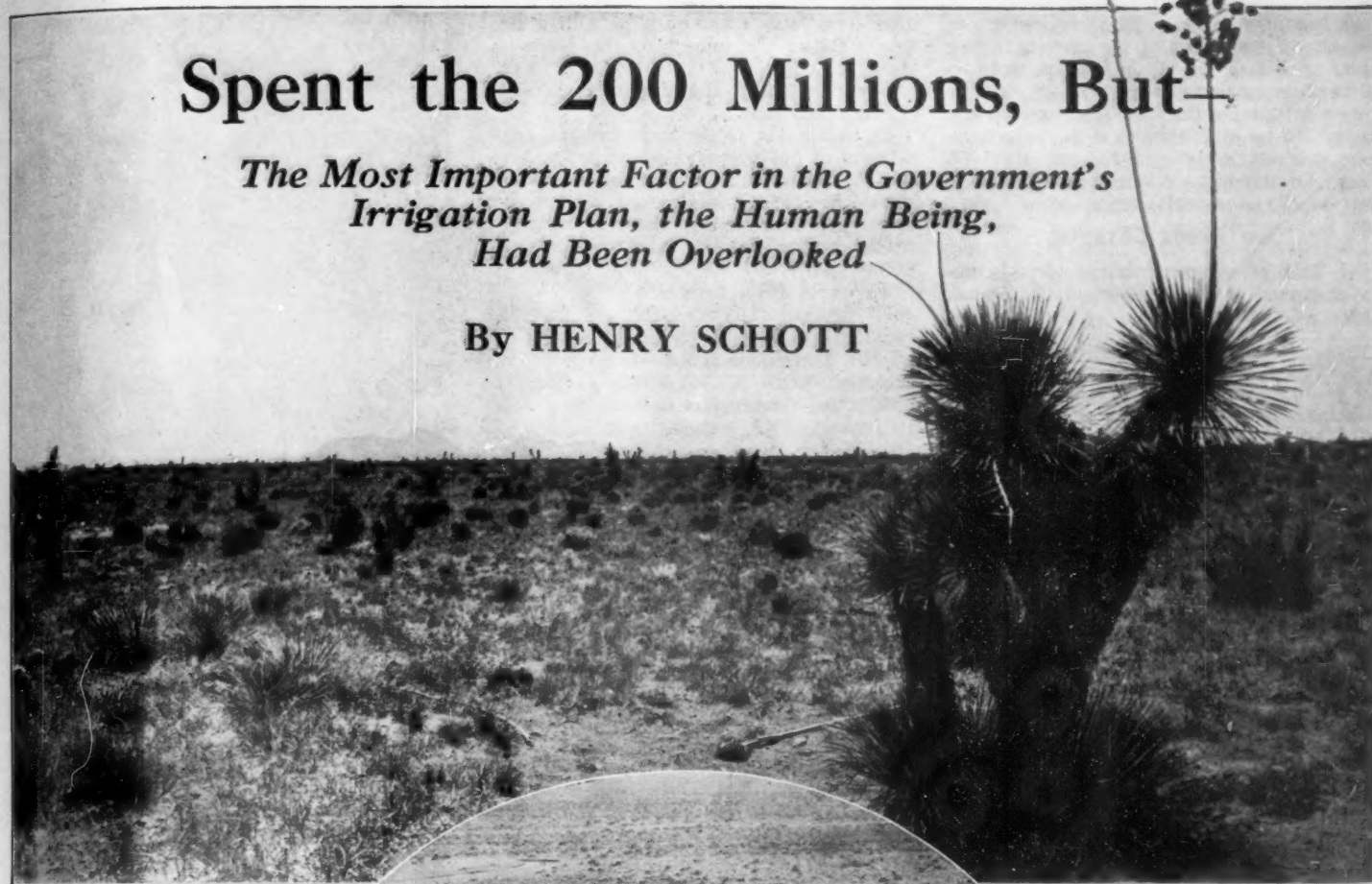
He wuz my meal ticket



Spent the 200 Millions, But—

*The Most Important Factor in the Government's
Irrigation Plan, the Human Being,
Had Been Overlooked*

By HENRY SCHOTT



UNITED STATES RECLAMATION BUREAU PHOTOGRAPHS

MORE than twenty years ago the Federal Government went into the land and irrigation business. It had land, water, money and organization—all four in ample, almost unlimited quantity. In its irrigation policy it had the undivided general support of the federal and state administrations, of Congress and of the people. It was only a matter of impounding the water and opening the gates to the eager settlers "to make the desert blossom like a rose."

Anybody Was Invited

NEVER was anything effective done to bring the right kind of men and women to this land. Anybody from anywhere in the United States was invited, whether or not they knew a sugar beet from an Early Rose potato. Nor were they given any instruction after they began trying to farm. The reclamation act specifically forbade spending money for that purpose.

Irrigate the land; the human element will take care of itself.

To date the Government has put \$200,000,000 into this work. To complete the old jobs in detail and the new projects that have been authorized, \$110,000,000 more is required.

For every farmer on these reclaimed lands, the Government shows a \$6,000 investment of its own money. That, of course, does not include what the farmer himself has put into



The first crop. It has been a hard fight, but this man has stuck it out and begins to see hope of a home and independence

the property in cash and labor. About 33,000 families are on these lands and there is room for 10,000 more, the problem being to find them, although they are allowed twenty years' time to pay, without interest.

With all of its organization, all of the bureaus and all of the scientific men at its disposal, the Government built irrigation works without first testing the soil that was to be watered to find out whether it would yield a crop after the water was on it. Build the

"Here's your farm," says the Government. "Now, go to it!" This is the land just as first turned over to the settler. A hard, long and discouraging job between him and a crop

dam first and then let the settlers learn that all the irrigation in the world would not bring crops to some of the land.

On one project 500 farms, established on an alkali flat, had to be abandoned. On another, 200 farms on lands that will not produce have been allowed to go back to desert.

Failed to Make Surveys

IT IS hard to imagine that men engaged in a great work involving \$200,000,000 would overlook so important a point, with dozens of soil experts five minutes away. Water was impounded that did not possess the qualities necessary for even growing a crop. It was impounded first and the facts learned later.

Here's a lot of money for irrigation. Where shall we irrigate? Instead of making a survey of the arid regions the location was most often selected on the basis of which members of the House or the Senate had the greatest influence. There was not a wide-awake community in all of the desert country that didn't demand a project be located close to its own particular city limits, and it was up to the member of Congress or the senator to see that that spot was selected. Let the opinions of the scientific and practical irrigation men be tabled in

case anyone happened to ask them for their opinion.

Perhaps not one man in a hundred knows that almost two-thirds of the lands that went under irrigation in all of the government reclamation projects were privately owned. Only a little more than one-third were public lands. To be exact, the total in the government projects in June, 1923, was 1,293,906 acres. Of this 804,656 were privately owned and 489,250 were public lands.

Law Needs Changing

OF THE private-ownership problems, Commissioner of Reclamation in his Annual Report of 1924, says:

Unless the law is changed there is no reason to anticipate better results in the future. On new projects some landowners will look to reap advantages from sales of land to settlers at inflated prices rather than from an increase in earning capacity.

If irrigators have to buy their farms from these owners, what will they be asked to pay for land? On one area where competent opinion fixed the value of land at \$5.00 an acre, the owner said his price was \$50 an acre. He believes that he can get \$45 an acre rakeoff as his part of the benefit of government construction. He sees nothing wrong in this.

One man owning a thousand or more acres of land that would come under government irrigation wrote a touching letter to the Department asking that he be relieved from the payment of certain charges that were overdue. He gave his hearty approval of the Government's reclamation policy, but said that, under all the circumstances, he ought to be freed from this debt.

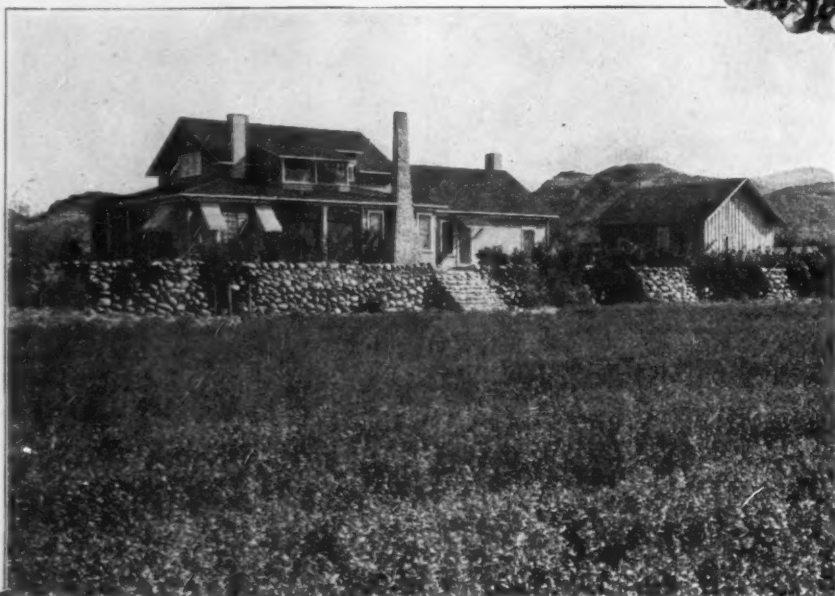
He is not farming on his land—does not

even live in the same state. He is a man of great means, enjoying all the comforts that very substantial wealth will bring him. Owing the money to the Government, it does not occur to him that there is anything strange in asking to be excused of the debt.

Of course, the Government had millions of acres of public lands that needed water, but it happened that watering was not done in these localities; some of this private land lent itself better to irrigation than public land.

To come down to a few cold figures. The original estimated construction cost of the various reclamation projects was \$93,435,641. The actual construction cost to June 20, 1923, was \$141,787,005.

The engineers figured that 251,906 acres would be subject to irrigation on one project, and after the work



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The Other Side—Desert Land Reclaimed. Here the right kind of men, water and soil came together and successful farming resulted. Grapefruit, alfalfa, sugar-beets—some of the things the Government had in mind twenty years ago, but all too rarely brought into actuality



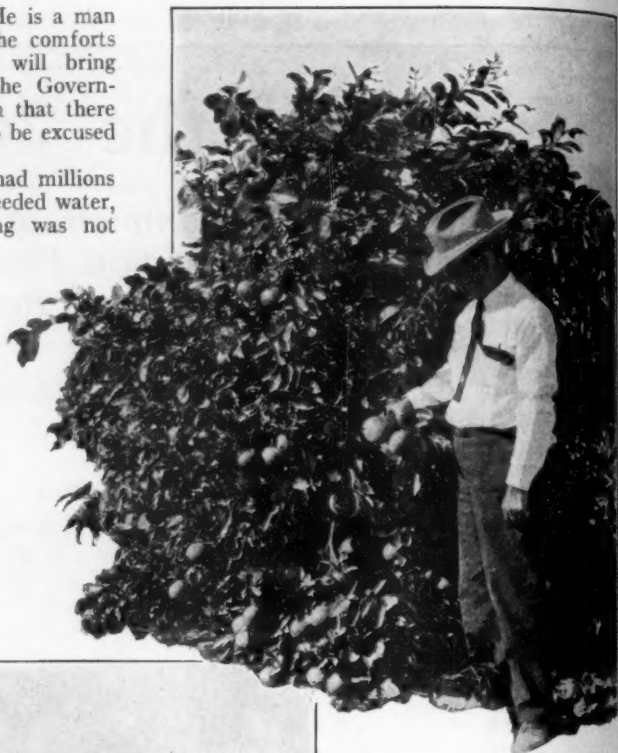
is completed, that Bureau reports that it will be able to cover only 66,500. In another the estimate was 370,000 acres, actual 73,750.

Original estimate for the total was 3,056,427 acres, but the Reclamation Bureau can actually supply water for only 1,692,700 and in reality irrigates only 1,212,139 acres. These were optimistic estimates.

When the great program was formulated, a report was made on each project to show just how much the work would cost per irrigated acre. It averaged for all projects \$39.57. The highest estimate for any project was \$86.00 an acre and \$14.55 the lowest.

Again it turns out that there had been a miscalculation somewhere. When all the returns were in that \$30.57 average had grown to \$117.94. The \$86.00 figure developed to \$314.80, and the low estimate of \$14.55 in practice became \$57.90. It could hardly be termed good guessing.

No attention whatever was paid to the class of settlers who were put on the lands. Get the work authorized, build a water supply and then let the people come, whoever and



whatever they might be, barbers from New York or school teachers from Indiana, with or without agricultural experience, not to mention knowledge of irrigation. If there was not any of the government land for them, they could always find some in the two-thirds that was under private ownership—provided they had enough money to make a payment and give a mortgage for the rest. It may have been worth a dollar an acre in sagebrush, but when the Government engaged in irrigation and the engineers and contractors started to work it was \$50, \$75 or even \$100 an acre.

The settlers thought of a farm where the rainfall could be turned on as if from a spigot to yield

crops bountifully and regularly. They brought with them a few hundred dollars, perhaps a few thousand. They built house, barn and fence and bought the necessary livestock; they had to grub out the sagebrush and level their acreage. There was a full year's preparatory work without a chance of even planting—everything going out and nothing coming in. That first year broke many.

Many Went Home Broke

THEN came water and upkeep charges and other expenses of which they, in their ignorance, had known nothing definite. Many of them went back to the home folks with their savings gone and their work wasted.

That is one reason why there are only 33,000 of the more than 40,000 farms in the irrigated districts now in operation.

Our Government had made no provision, no study or analysis whatever, of the human or social side of this \$200,000,000 project. There was no attempt at selection of settlers and no organized plan of preliminary instruction. It was all a glorious picture of water being

placed on fertile soil with wealth resulting. If private-land speculators had conducted their colonization on that same plan, there would have been very definite suggestions of criminal action.

Twenty years on that course; \$200,000,000 spent; many of the twenty-four government projects in existence either in a doubtful state or failures; failures to those who had the government work in hand, but doubtful, too, and far more bitter in the failure of the thousands of men and women who thought they had found their place in life.

A Peep at Conditions

AN IDEA of conditions may be gained from a government statement of one of the twenty-five projects, which I have selected at random:

Original estimated cost, including supplemental construction.....	\$2,500,000.00
Net construction cost to June 30, 1923.....	6,715,074.41
Original estimated irrigable acreage 100,000	
Acreage bureau prepared to supply water 1923.....	97,410
Acreage actually irrigated 1923.....	64,730
Amount paid by water users on construction to June 30, 1923.....	102,706.34
Amount unpaid on construction.....	6,612,368.07
Original estimated cost per acre.....	25.00
Actual cost per acre to June 30, 1923.....	68.90
Actual cost per acre to June 30, 1923, based on acreage actually irrigated.....	103.60
Aggregate charge per acre to settlers now being made under public notice	70.00
Total operation and maintenance cost to June 30, 1923.....	81,724.16
Total operation and maintenance receipts to June 30, 1923.....	1,543.60
Amount unpaid on operation and maintenance June 30, 1923.....	80,180.56
Delinquent charges, rentals of irrigation water, June 30, 1923.....	36,351.96
Total amount unpaid by water users...	6,728,900.59

Of course, one might suppose that irrigation was an altogether new thing in this country and that the government experts had to do the best they could, groping their way.

When President Roosevelt committed the country to land reclamation he said very definitely that it would be unwise to begin by doing too much at the start, "for a great deal, no doubt, must be learned both as to what can and what cannot be safely attempted by the early efforts which must of necessity be purely experimental in character."

But the desire for "pork" was far too powerful for the Roosevelt plan. Instead of careful preliminary study and work on one or two projects, a dozen were under way within the first two or three years. The money was there; why not use it?

The money for reclamation comes from the sale of public lands and from a portion of the money received from oil leases on public lands. The law required that the money derived from the sale of public lands should be spent in the respective states for irrigation and reclamation in the proportion contributed from land sales within the

states. Here is what the Second Annual Report of the Reclamation Service said on that point, right at the beginning:

The unfortunate condition exists that the states and territories having the largest fund at present are those in which irrigation is of least importance and value. There the chief interest is not so much in reclamation as it is in having funds spent in the state to promote general prosperity and improve business conditions. On the other hand, the states and territories having the smallest fund have greatest need and possibilities of development and widest opportunities of making prosperous, self-supporting homes. Consequence: The work was done when it was least needed.

As for irrigation being new to America, it has in fact been used in this country since 1847 in the Great Salt Lake Valley, and has been in successful operation ever since, modern irrigation, too. There was no government aid in that case; the settlers financed it, operated it and owned it, and they were hundreds of miles away from the nearest white settlement.

Fifty Years of Success

AND IN Greeley, Colorado, the modern irrigation system was established more than fifty years ago. Here again there was no Federal Treasury to draw on, and yet these people made their adventure pay.

With the history and experience of these two outstanding examples of desert-land reclamation, profitable to the owners and to the communities, at their disposal, the government experts apparently found little to interest them or to use as a basis for the new

developments. The original Reclamation Act of 1902 provided that the actual money invested by the Government in irrigation work should be repaid by the water users within ten years after the date of their contracts.

This plan did not prove successful; the settlers could not pay. Therefore, in 1914 an extension of time was given, providing that repayments should be made in twenty annual graduated payments, without interest, amounting to 6 per cent of the principal in the last fourteen years of the contract. That plan has also proved unsuccessful. Settlers say that they cannot meet the annual repayment charge of even 6 per cent. Here are some official figures taken from four projects showing what is owed to the Government on construction payments and what has been paid, covering a period of one year only:

Owed	Paid
\$112,515	\$21,815
330,592	75,531
443,897	95,411
112,420	6,052

Similar figures show the situation in operation and maintenance charges covering a period of one year:

Owed	Paid
\$161,516	\$18,000
111,649	50,443
138,270	53,903
174,658	36,319

It need not be said what would happen to a privately managed company if it laid a statement of that kind before a banker and asked for more money for further developing. The warmest hearted of all kindly, generous and altruistic bankers would, after having regained consciousness, say just two words:

"You're broke!"

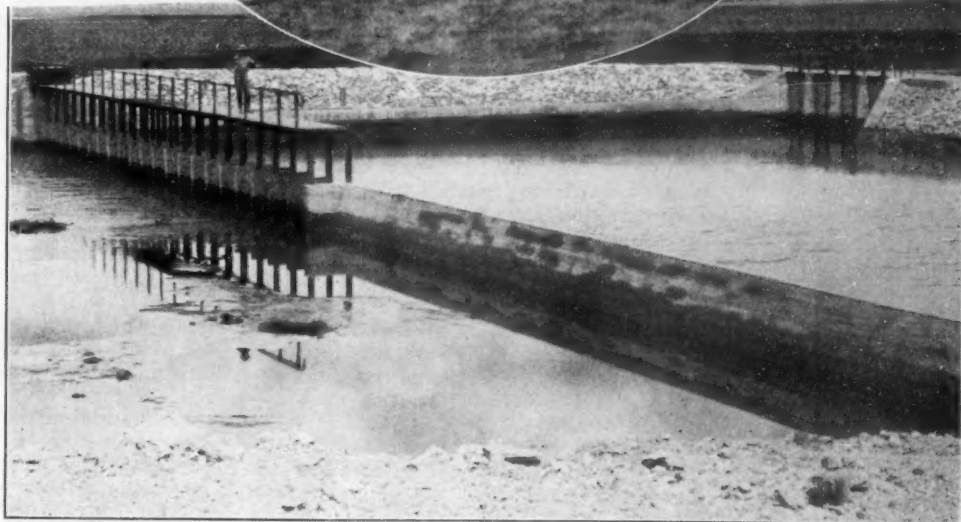
From a business standpoint that is the true condition of the government reclamation experiment up to this time, taken as a whole. The theory of land reclamation was correct, but the practice was decidedly faulty. Pork, politics and government funds!

Even with all of the ill-advised, thoughtless practices, all of the misplaced works, the twenty-five irrigation projects together in one year have produced crops having a gross value of more than \$50,000,000, or about the amount grown in the State of Massachusetts. That is some consolation, and is also an indication of the magnificent results that might have been obtained had businesslike methods been applied from the start.

When the Secretary of the Interior, Dr. Work, began to look closely into the Reclamation Service, and to examine the results that had come from the \$200,000,000 expenditure of government money, he decided that it was not only time to learn the truth, but, pending that, it would be



Abandoned home of a settler who tried, failed and gave up, losing his money and his work



UNITED STATES RECLAMATION BUREAU PHOTOGRAPHS

Weir and scour gate on a project completed in 1906, subsequently abandoned and ordered for sale

best to discourage any new venture. It is needless to say that when he laid the general facts before the President, he had an immediate supporter. A group of men, known as the "Fact-Finding Commission," consisting of Thomas E. Campbell, James R. Garfield, Oscar E. Bradfute, Clyde C. Dawson, Elwood Mead and John A. Widtsoe, were appointed a Committee of Special Advisers on Reclamation by Secretary Work.

That group represents students of agriculture and irrigation and men of business experience. They dug into the subject and brought out the facts. After their report had been submitted last year, the President sent a message to Congress, in which he said:

I would respectfully urge upon Congress the immediate necessity of revising the present Reclamation law. . . .

Many occupants of our reclamation projects in the west are in financial distress. They are unable to pay the charges assessed against them. In some instances settlers are living on irrigated lands that will not return a livelihood for their families and at the same time pay the money due the Government as it falls due. . . .

The facts developed by the special advisory committee show that of the Government's total investment, \$18,861,146 will never be recovered. There will be a probable loss of an additional \$8,830,000. . . . I recommend that Congress authorize the charging off of such sums to be impossible of collection.

. . . The probable loss and the temporary difficulties of some of the settlers on projects does not mean that reclamation is a failure. The sum total of beneficial results has been large in the building up of towns and agricultural communities and in adding tremendously to the agricultural production and wealth of the country.

It Won't Be a Failure

NO, THE reclamation of arid lands will not be a failure. It is to be put on a business basis. In spite of the fact that \$200,000,000 of government funds were expended, not to mention the time and money of the farmers themselves, in spite of the fact that the settlers were not required to pay interest, it was proving itself to be a definite failure under twenty years of government support and encouragement, and government-bureau methods, with the pork barrel occupying an imposing part of the background. It can be saved by common-sense business methods and management.

Today there is this situation. Some projects are paying all their obligations, or so nearly that they can be considered as solvent enterprises that will pay out entire. Some have not for years paid the operating expenses, and there is small hope that they will do so as long as they can lean on the Government. There are others that ought to pay and don't, and in between are cases which are entitled to sympathy and generous treatment; people unable to pay either because the water supply is inadequate or the land is too poor, or their private debts too heavy a burden on their income so that they can only survive by having their private debts refunded at a lower rate of interest.

Mortgage foreclosures in recent years have been heavy and this has led to a percentage of tenancy that is a reproach to a policy intended to create home-owning communities.

The Interior Department has the facts, and from now on, if the ideas of the Secretary of the Interior are followed, the Reclamation Service is going to be carried forward on a business basis. Had it started on those lines and followed them, had it been checked in its chartless course even fifteen years ago, today the successful project would have been the rule instead of the rare exception.

"You're Keeping Me Too Busy!"

By HARRY BOTSFORD

I'M GETTING worried. These inventors and manufacturers are making me work too hard. Like Cousin Egbert in "Ruggles," I can be pushed just so far—just how far, I do not know. What I want to do is to place my cards right on the table and explain to you just what you have been doing that is responsible for the overtime I have been putting in.

In my personal experience, I think the whole affair started many years ago. Once I owned a straight-bladed razor of exceeding keenness, an heirloom of which I was very proud. A very efficient razor it was, too.

Then some inventive genius produced a safety razor. My friends took up the safety razor. Their enthusiasm made me a bit nervous and I grew self-conscious while shaving and cut myself once or twice. Then I bought a safety razor. The old straight-bladed affair now rusts on a shelf in our bathroom. That purchase, as I see it, really started me working for you.

Another genius started making "horseless carriages," and I laughed like the rest of the world. But my friends began to buy them. Every time I picked up a magazine I saw one or more of them pictured or advertised. I was persuaded to take a ride in one or two of them, and I made the error of taking along a certain member of my family. After that I had to sell the old horse and invest in an automobile. I've been investing ever since.

Every time one of you inventors devised something to make motoring safer or more comfortable, I invested. My last two investments have been due to balloon tires and four-wheel brakes. The other day I heard a rumor of a rotary valve engine, and the news gave me a positive chill.

Every one of these purchases has influenced my earning capacity. Some of them I couldn't afford; but I desired the article so much and so much pressure was brought to bear on me that I began to think faster and work harder that I might possess them.

The man who perfected a water-motor washer did a very neat job, and we bought one because we needed it. After we had it for a year or so, the electric-motor washer and wringer came out, and when we bought it, it seemed advisable also to purchase an electric ironer.

"Our Plumbing Was Wrong"

THEN another inventor discovered that our plumbing was all wrong and that our kitchen sink was high or too low. Anyway the inventor solved the problem. Another inventor—and how many inventors have been spending their lives and talents working for my wife!—invented a mechanical dish-washer. Well, we bought one and it works very nicely. Then came the mechanical and later the electric vacuum-cleaner.

Another inventor—how they must spend time investigating home conditions!—decided that the heating machinery for our home was all wrong; again we invested and it was a happy experiment in buying healthful and even temperature. Speaking of temperature—the money I've invested on this matter!—first there were electric fans, then came an electric stove for the bathroom and the iceless refrigerator and the electric range and the fireless cooker and weather strips and awnings and porch screens and window screens and a dingus that takes off extra heat

and steam, smoke and odor from the kitchen.

Our amusements used to be simple and few and rather inexpensive; thanks to what you inventors have been doing, however, all this is changed. First came the phonograph, then the mechanical player-piano, and last, but not least, the modern radio. I'm still a six-tube set behind, but as soon as I can afford it, we expect to trade in our old four-tube regenerative set for one of the new ones.

Our amusements cost money these days, but we must be up-to-date and we must keep pace with our neighbors. Of course, every cent we have spent for the purpose of providing amusement for the home has been a sound investment as gauged by the dividends returned.

The thing I'm getting at, gentlemen, is that you are making me work overtime. You're inventing too many things that I want and need. The purpose of education, I once read, was to provide the human race with more needed items and the means to acquire them. If this is the case, I'm willing to admit that I am super-educated.

"Needs Are Created for Me"

FRANKLY, there doesn't seem to be any end to the things I want and need; if I happen to run short of needs, some inventive genius promptly invents something to fit the case and some enterprising concern then proceeds to market it.

I'm not saying that all of these inventions haven't had virtue, for they have—plenty of it: I'm not saying that, in the rush to have and own the latest, I haven't materially increased my earning capacity, for I have—far beyond the dreams of youth. I'm not saying that your inventions haven't added much to life and happiness. I wouldn't, willingly, do without a single one of them. As a matter of fact they are, one and all, indispensable. I shudder to think what life would be like without the things you have invented and the things you manufacture and market at such reasonable prices.

But—two matters were brought up at our last family conference that have made it necessary indefinitely to postpone that rest. Unfortunately our supply of water is "hard," and it seems that a new water-softener is now on the market which will remedy the defect. I gather that we are going to have one of these contrivances. While plumbers are with us, it has been suggested that it might be an excellent idea to have also a new water heater installed to replace our present apparatus, which is slightly erratic. The suggestion is, after all, a sound one. Also there is a new type of windshield cleaner I'd like to see installed on my car.

I am only one in millions. You're keeping me altogether too busy. Right now I'm planning on ways and means of legitimately earning more money. I have in mind a simple little invention which I am confident I could develop if you gave me a brief breathing spell. It will be a one-way bank account which will permit deposits but which, by reason of a patented device, will make it 100 per cent impossible to make any withdrawals except in event of a national emergency. I offer this information freely and frankly and with no intention of blackmailing you. But you can easily see what will happen if you ever give me fewer wants.

What I want to know is what you're going to do about it? Much depends on your answer.

"Be It Enacted"

**So Many Thousands of Laws Are Now in Force
Regulating the Railroads That No One
Can Tell Whether the Railroads
Are Behaving or Not**

By R. S. HENRY

Of the Nashville, Chattanooga and St. Louis Railway

THERE are at least four lines of business about the running of which almost everybody outside of them knows more than most anybody inside. One is the newspaper business. Another is running a church. A third is teaching school. And the fourth is running railroads.

Of these four the church is to some extent protected from detailed regulation by statute because of the wise constitutional separation of church and state. The newspaper business is pretty thoroughly protected because the newspapers govern the country anyhow. Had Carlyle lived today he would not have been so much interested in writing the songs of a people. "Let me but write their headlines," he would have said, "and I care not who writes their laws."

Railroads the Champion

THE business of education, to a large extent supported by public funds, has of course been very thoroughly legislated about—but I shouldn't wonder if the railroad business has not been, after all, the champion object of the solicitude of the "Be It Enacted" brigade.

E. V. Wilcox, writing on the Overproduction of Laws, in a recent issue of the *Harvard Graduates' Magazine*, said:

Last year in forty-three state legislatures 1897 bills regulating railroads were introduced, and 377 of them were enacted into law. The last Congress in December alone introduced 75 bills affecting the railroads, or three a day. There are now in force 20,000 state and federal laws regulating railroads. It is, of course, quite impossible for any human being to carry them all in mind and therefore impossible to say whether the railroads are behaving unlawfully or not.

The figures quoted by Mr. Wilcox are for the year 1923. During the year 1924 eleven more state legislatures were in session, 337 more bills were introduced and 57 more new laws enacted. Beside these activities of the state lawmakers, members of Congress continued to say it with bills, until the total for the session, 75 when Mr. Wilcox wrote, went above the 200 mark. Only one measure of consequence, the Hoch-Smith resolution directing the Interstate Commerce Commission to conduct a general investigation of the freight rates of the United States with the idea of seeing what could be done for agriculture, was adopted by Congress, however.

To avoid misunderstanding, let it be said right at the outset that not all the 434 laws that made up the legislative crop of the past biennium were bad laws. Like most of the men who made them, I'm not familiar with what's in them, nor with the effect they will have or have had on the commerce and transportation of the country, but I'm assuming that out of 434 laws there must be a good many that are harmless, some that are good and a few that are really necessary.

In what I shall have to say about the overplus of legislation to regulate railroads

some more, I mean no criticism of legislators, either. It is an easy and popular thing to do, cussing Congress or the legislature, but I suspect that most of us if put in the same position would do about the same way.

Men are elected to deliberate on the state of the Union or of their own commonwealth. The doors are opened on their session and immediately there are hurled at their unprotected heads bills, scores of bills, hundreds of bills, dealing with the intimate details of all sorts of things clear outside the experience of any one man in the assembly.

King Solomon himself, even if he were really as wise as he has been reputed to be, was but a moron compared to the mythical man who should know all that a legislator ought to know to pass intelligently on all the questions on which he must vote—and must vote "yes" or "no," too.

Long and Persistently

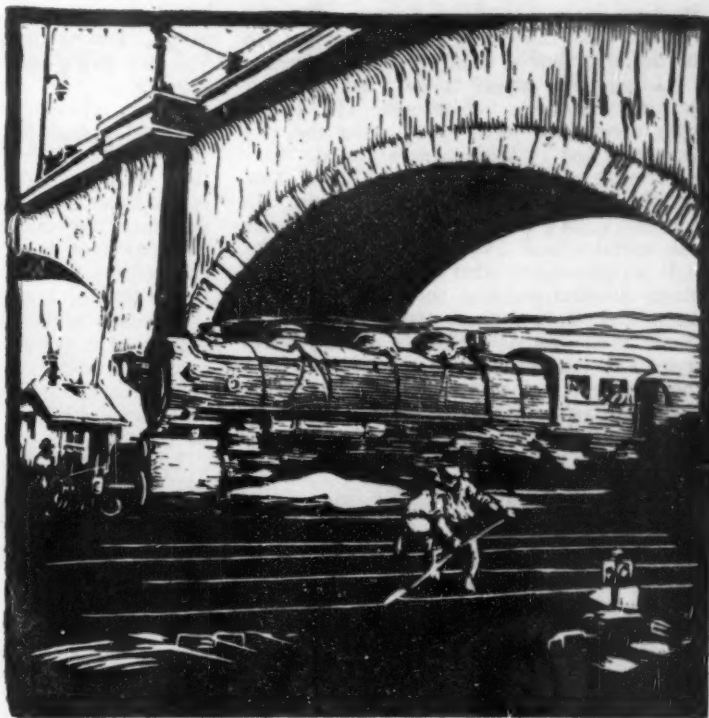
RAILROADS are not the only business in the country regulated by legislation, of course, but the regulators have been at them longer and more persistently and have reared, perhaps, their greatest edifice on the foundation of the public need of and interest in transportation.

Regulation of the railroad business along lines designed to eliminate discrimination and to insure fair and reasonable treatment of the social and commercial needs of the people dependent on rail service, is a fixed part of our social order and as such accepted and even welcomed by the railroads.

Most of the present-day legislation on railroad subjects does not deal with that phase of regulation, though. That has long ago been committed to administrative bodies, such as the Interstate Commerce Commission, charged with the duty of investigating facts and acting accordingly, and relatively well organized and equipped for the work in hand.

It is legislation of the sort that undertakes to prescribe in detail just how the railroad business shall and shall not be carried on that gives railroad managers that hunted and harassed look. This sort of legislation invades almost the last field left to their initiative and ability, that of trying by efficient operation to keep the expenses within the revenues that public authority allows his railroads to earn.

The introduction of bills of this sort goes



Locomotives in their daily work can't pay a great deal of attention to state lines—but that didn't prevent state legislators during the past two years from introducing 59 bills to regulate locomotives

on as merrily as ever. Happily there does seem to be less of a tendency to pass them than there was a few years ago. For example, there were 46 so-called "full crew" bills introduced in legislatures during the years 1923 and 1924. Thirty-one of these bills required, in effect, an additional brakeman on all trains of a certain length. Three others required more section men on the tracks. The rest referred to electric railways.

Without exception the legislatures which had them under consideration seem to have reached the conclusion that these were matters that belonged in the domain of efficient railroad management. At any rate, none of the bills became law.

"Full Crew" bills and bills limiting length of trains are close kin. The effect, if not the purpose, of both is to increase the number of men needed to move a given tonnage. Seventeen bills limiting length of trains were before the legislatures of the past two years, but again the law makers seemed to recognize that limiting the efficiency at which railroads might operate, and increasing pay-roll charges, would cost somebody a good deal of money unnecessarily. None of the bills passed.

Bills Against Spraying

THE CROP of bills prohibiting putting on paint with spray guns instead of hand brushes was nine for the two years, but none of them was enacted into law. It appears that the spraying machines enable a man to do several times as much painting work in a day, at much less cost, while men who actually operate the machines testified before legislative committees that they found no bad effects on health and preferred the spray to the hand brush. It is apparent that these facts had weight.

Another old favorite that appeared eleven times during the past two years was the bill to require railroads to erect sheds at all points where cars are repaired. It was testified that this bill, if enacted, would have increased the cost of operation of railroads

in Iowa alone \$9,000,000 a year. The bill did not pass, however, either in Iowa or any of the other states where it was pending.

Locomotives appear to be a favorite subject for legislation. Fifty-nine bills dealing with them were introduced during the past two years and 10 of them were passed. They dealt with such a variety of things about the locomotive as the bell-ringing device, the fire doors, classification lamps, reverse gears, cab curtains and divers and sundry others.

It is quite likely that these state statutes about locomotives and their various appliances and appurtenances are invalid. Practically every locomotive in the United States is used in interstate commerce. It has been the holding of the courts that whenever Congress has assumed jurisdiction of any particular part of the field of interstate commerce, state jurisdiction ends.

I. C. C. Looks After Engines

BY THE boiler-and-locomotive inspection acts, Congress has taken jurisdiction of locomotives, from pilot to tender, and has delegated to the Interstate Commerce Commission the duty of prescribing proper standards and appliances for locomotives. The Commission exercises this authority through its bureau of locomotive inspection.

Locomotives in their daily work can't pay a great deal of attention to state lines, anyhow. With their present-day greatly extended runs, many of them cross as much as four of the wide western states in one day, while in the east, locomotives scoot in and out of Delaware, Rhode Island, New Jersey and like states within an hour or so. There is one line of road that in the space of $3\frac{1}{2}$ miles crosses the Tennessee-Georgia line four times.

Without federal regulation the railroads might be in the disconcerting situation of having a device or appliance required in one of these states and prohibited in another. It's a queer thought that an engineer might have to stop and "undress" and "redress" four times in $3\frac{1}{2}$ miles.

Bills regulating the location or operation of stations were introduced in Massachusetts, North Carolina and Louisiana, but it was in Arkansas that the crop of station legislation came to its full growth. Six bills were introduced in the 1923 session to require the railroads to erect new depots at various towns, and two of them became laws. One of the six prescribed that the new depot should be brick.

In Nebraska a bill was introduced to require railroads to provide a depot and a resident agent in every town of 75 or more inhabitants. The bill failed to pass, partly, perhaps, because it was shown that in a good many towns of more than 75 inhabitants the total receipts of the railroads, in and out, would not pay the wages of the agent.

Stopping Through Trains

THE GOOD old sport of regulating the stops of passenger trains is not dead yet. The usual bills to require that all trains, through, limited, fast or otherwise, shall stop at the county seat or at the station nearest the county seat of every county through which the road passes appeared but once during the past two years, in Kentucky, and it was defeated there.

Minnesota and North Carolina considered and defeated legislation to require certain train service, but Arkansas passed a law to require certain trains to stop at McCrory. The bill "to require the St. Louis-San Francisco R. R. Co. to stop fast train at Mountainburg" was left in the Senate, however, after passing the House. It is in the field

of rates that the regulators find their widest scope. During the past two years 82 bills to regulate rates were introduced and 16 of them became law.

Almost without exception the 82 bills were designed to reduce rates, either generally or on some particular class of traffic.

In some cases the bills recognized that the states have created commissions to hear and determine the matters of rates after an investigation of the facts. Bills of this type directed the commissions to do various things in the way of lowering rates.

In many other cases, though, the present system of making rates through permanent, quasi-judicial administrative commissions was completely ignored and the bills simply provided, out of hand, that such and such should be the rates in the future.

Bills of both types were pending in the last session of Congress also. Some of them, notably the one prohibiting the Pullman surcharge, would have amounted to a reversal of a decision of the Interstate Commerce Commission, made after an exhaustive study of the whole subject. This bill, which passed the Senate as a rider to an appropriation bill, was defeated in the House.

The disquieting feature of the legislative situation of the railroads is that legislation of this sort received so much consideration. During the past twenty years the whole system of public regulation of rates has been based on the idea that the rates to be fixed would be fair and reasonable, as determined after an investigation of the facts.

Direct rate making, whether by Congress or by state legislatures, must necessarily be political rate making. The same methods of

mutual accommodation and compromise that have had such a large part in the making of tariff schedules in the past would be applied to freight and passenger tariffs. "You lower my rates and I'll lower yours" would be the watchword.

Again, that is said in no spirit of criticism of Congress or the legislatures. That is simply the way they are organized and the way they must do their work. No one congressman or assemblyman can possibly study the thousands of details involved in even one freight tariff, let alone the hundreds that would come before each session if the practice of direct rate making should come into vogue.

Contribution to Industry

THE LEGISLATIVE halls would be filled with stories of the unhappy plight of this group or that group, a plight that could only be relieved by a 10 or a 20 per cent reduction in their rates.

Very few of us, either in legislatures or out, yet realize that the important contribution that transportation makes to industry and commerce is service in moving goods promptly and efficiently, and that the cheapest rate, in the long run, is the one that makes it possible for the transportation companies to keep up with service demands.

So long as so many of their constituents do not see beyond the immediate hoped-for reduction in rates it is almost too much to expect that the individual members of the legislative bodies, hurried and harried and pestered as they are, should take a longer view. And yet the fact that so few of the rate-making bills passed, after all, is a hopeful sign.

Selling Scenery in America

THREE live railroads, with a system extending from Chicago to the Pacific Coast, decided the way to get business was to go after it.

The business they wanted was summer travel to the Northwest. Their principal means of soliciting this business was to tell the public what they had to offer along their lines, in scenery, climate and opportunity. They have been at it for three years, now—the Burlington, Great Northern and Northern Pacific—and have checked their results by means of a very definite process of learning the number of visitors to each of the five National Parks on their main line—Yellowstone, Glacier, Mt. Rainier, Crater Lake and Rocky Mountain.

In two years the visitors to Crater Lake and Mt. Rainier increased approximately 100 per cent; Yellowstone and Glacier, 50 per cent. And this in spite of the fact that 1924 was an off year for travel.

It is interesting to note that their greatest number of inquiries came from the industrial centers near the large metropolitan districts. For instance, Jersey City showed 291 per cent above the average for the whole country; Paterson 240 per cent, Yonkers 151 per cent, Trenton 187 per cent. Even in New England, New Bedford showed 221 per cent and Lowell 113 per cent.

Apparently the East is becoming interested in the West, and the Far West, at that.

Travel experts have always said that the American school teachers, on account of their long summer holiday and their appreciation of the educational value of travel, were the one great tourist source for the western mountain country. This railroad group's study shows that the first place in reality belongs to

an altogether different class—the business executive group, including department heads, officials of business firms, and major salesmen. Twenty-five per cent of all of the eastern visitors to these National Parks come from that classification. The teacher group is second; clerical workers third; professional men—doctors, lawyers and dentists—fourth. And then come housewives—mother off for recuperation. Following, in order, come skilled workers—mechanics, engineers, foremen—and then students, farmers, and "retired."

Most of the visitors said that scenery had been the strongest factor in governing their choice of a place for a holiday. Horseback riding is another strong factor, and the "dude ranch" was also attractive.

Of those who visited the Parks, 79 per cent traveled by rail, 18 per cent reported the automobile as their means of transportation, and 3 per cent used both.

The ranking of the several travel groups provides an informative index to the migratory instincts of representative Americans, but the experience of the railroads suggests that the most impressive scenery will lack for beholders until it is advertised. A good many Americans believe in seeing America first, and will put their belief into practice when the facilities for so doing are made sufficiently available to them—a requirement which the railroads seem to have met.

Aside from the findings, the report is of interest in showing how properly conducted business these days, after establishing a definite method of meeting a problem, gives it time for development and then makes a cold-blooded study of the results to find whether the plan is right or wrong.

Storekeeping on Top of the World

By F. S. TISDALE

THEY HAVE a story in China that illustrates the ubiquity of modern commerce. A certain American banker, becoming wearied of Shanghai, determined to go for his vacation to a part of the country where no white man had ever been seen. There he would escape the insistence of western life; while he rested and meditated the ancient land would restore the serenity of his soul.

Accordingly he hired two Chinese waterfaring men and set forth toward the interior. They ascended a noble river until it became narrow and ignominious. Persistently they followed it until it became a creek. From it they entered an old canal which they pursued until it grew so narrow that reeds scraped both sides of the sampan at once. They had penetrated thousands of miles inland. Contentment encompassed the banker's spirit as his pilot assured him that no westerner had ever come so far.

Turning a sharp bend in the canal, the voyager found further progress blocked by a tied-up houseboat. From the deck of the craft a phonograph of penetrating tone and unmistakable origin was announcing to the immemorial hills that it had no bananas.

"I Live Here"

THERE was a hammock beside the instrument and it contained a young man who couldn't have been anything but an American. He laid down a tattered *Saturday Evening Post* as the disillusioned banker hailed him.

"Doing up here?" repeated the youngster. "Hell, man, I live up here. I'm with the British-American Tobacco Company. Anchor that tub and come aboard. I'm from North Carolina. What part of the States are you from? BOY! Two whiskey-sodas."

Something of this banker's chagrin must be felt by explorers who dare the Arctic by way of Alaska. For days, weeks, months, they battle their way northward. Past the Aleutians that stretch like an elephant's trunk from the mainland; across the icy bosom of the Bering Sea; into the tide rip that roars through Bering Straits; on up the Arctic coast until they reach Point Barrow, that northernmost horn

of the American continent. Surely they are nearing the pole. Civilization and commerce are far behind them. Binoculars show the lookout a settlement; and in its midst what appears to be a cross-roads store. The only thing missing is the gasoline filling station.

A white man is leaning beside the door. He is flanked by a sign which publishes to the Arctic the delights of Spearmint chew-

ing gum. If they don't know it already, the explorers soon learn that this man is Charley Brower.

Charles D. Brower, to be correct and formal. He is in business here. The store is a recognized northern institution—and so is Charley Brower. He has been in the Arctic for forty-one years. You could not drag him back to warmth and civilization with walrus thongs and reindeer teams. The North Pole is his neighbor and the Eskimo his clientele.

Brower recently made one of his rare trips south. He visited New York and Washington. Both these cities, he admits, have their attractions; but all the time he was yearning for Point Barrow.

As Hard as Whalebone

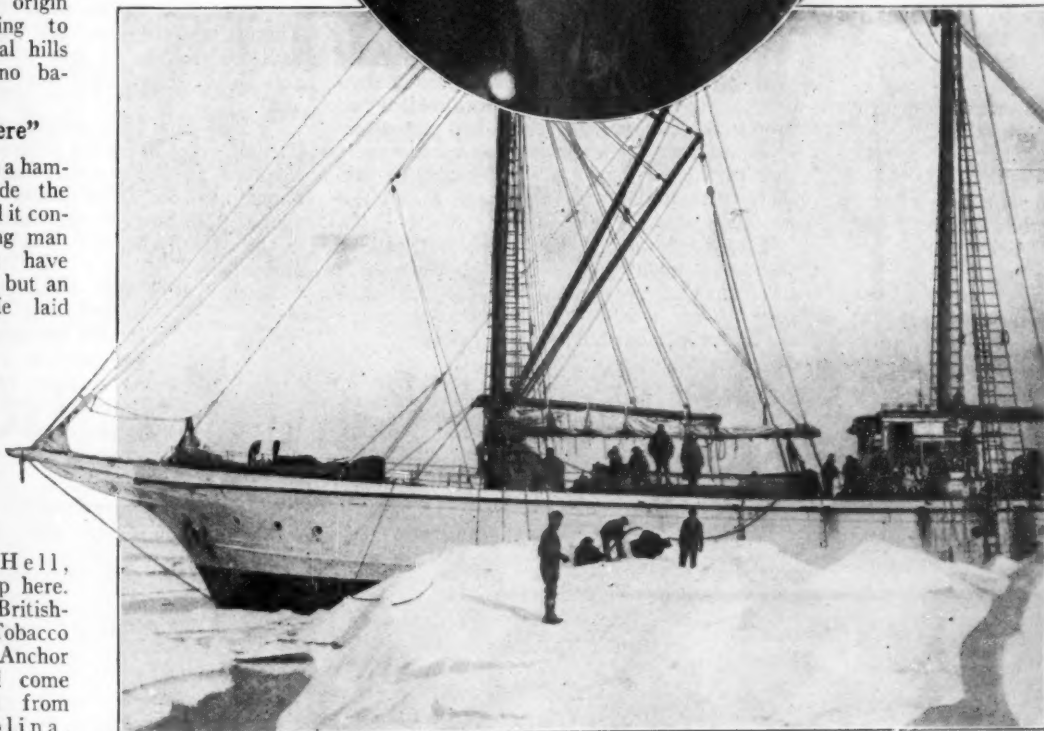
BROWER is sixty-two years old. There is little of age and nothing of the tired business man about him. He is deep through the chest and wide through the shoulders and as hard as his own northern whalebone. "Yes," he tells you, "it's been forty-one years since I first went north. I intend to spend the rest of my days there."

Brower is resident manager of the Cape Smythe Whaling and Trading Company. Part of the stock is held by H. Liebes and Company, the San Francisco fur dealers. This concern markets the furs that Brower buys from the Eskimo hunters. Says he:

"I live at Point Barrow and run the store there. We have six trading posts along the Arctic shores of Alaska. What stock do I carry? Oh, a little of everything. Since my customers are mostly hunters, I do a nice little business in traps, rifles and ammunition. We bring up the supplies and carry out the furs in our own vessel. We just lost one ship—trapped in the ice pack and ground to splinters. One thing I've got to do before I go back is

inspect the new ship we bought in San Francisco. They have named her after me."

There are some 600 Eskimos in Brower's district. After two-score years among these people Brower has a pretty good idea of what they like best. Their fondness for gum drops is no myth. The Barrow store keeps a full line of assorted colors. They also demand the hard candy of violent com-



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Top: Charley D. Brower, business man. For 41 years, the North Pole has been his neighbor and the Eskimo his clientele. Below: A vessel unloading supplies on the ice at Point Barrow, where Brower runs his store

plexions which appears in our store windows around Christmas time.

The Eskimos are devoted patrons of Mr. Wrigley. There is this difference between their ruminations and those of their paler brothers—the Eskimo never tires of the confection. Even after the gum has lost everything but its elasticity he continues placidly with his chewing. From time to time he adds to and sweetens the cud as his wealth allows. Thus the hunters' cheeks become distended by enormous masses of chicle. Often a particularly distinguished chew will be bartered about from hand to hand—or from mouth to mouth.

They Smoke Reindeer Hair!

"OF COURSE," Brower says. "I sell them a lot of tobacco. They used to smoke nothing but pipes. Now it is cigarettes. One of my customers will mush a mile in sub-zero weather for a Camel. Chesterfields satisfy. Fatimas fascinate. The Eskimo women haven't taken up bridge or bobbed their hair, but there is no flapper on Broadway who enjoys her cigarette more than her primitive sister at Point Barrow."

Those who still smoke pipes have strange and awful ways of stretching their supplies of tobacco. All sorts of amazing adulterations are used. A favorite artifice is to mix reindeer hair with their smoking—they say it puts more kick into the tobacco.

"What do the hunters buy for their women folks?" Brower was asked.

"Beside kitchen necessities, the women must have candy and perfumes. Silk stockings too. 'Course it's too cold for 'em to go around with their skin shining through, so they pull the stockings on over their furlined trousers. Sometimes they wear garters that make the aurora borealis ashamed of itself. They aren't very strong for jewelry. About the only thing in that line they demand is wedding rings—but they're mighty particular about that."

You would imagine that since he is in business away up there on the roof of the world Brower would be free from the slings and arrows of outrageous competition which shorten the executive life in more temperate zones. But—

"Competition?" sighs Brower. "Plenty of it! I have as much of a mail-order problem as if I were running a cross-roads store in Iowa. There are a lot of

Sears-Roebuck and Montgomery-Ward catalogs up there. Darn if I know how they did it, but those Chicago houses got the names of only the best Eskimo hunters and mailed in catalogs over the dog trails. The Eskimo will spend days, weeks, looking through those books. Takes a long time and much conversation to make up his mind as to what he wants. Ordering it is simple. We have a post office at Barrow. The hunter buys a money order and mails it. His goods come back on the sleds by parcel post. They have to wait about six months and there is great excitement when the stuff arrives.

"I can't touch Julius Rosenwald's prices, getting supplies in the way I do."

Nor is this mail-order problem the only one. Brower even has cooperative stores to contend with. You who think the Eskimo a fur-bearing primitive with little knowledge of trade and no opportunity for investment, consider the following:

Under the encouragement of the United States Bureau of Education twelve cooperative stores have been established to teach the Eskimos the ways of modern commerce. Shares are sold to the natives for about \$10. The stores are conducted under the supervision of American school teachers and stocks are often displayed in the school buildings.

Uncle Sam His Competitor

HERE again the independent trader finds his prices undermined. The cooperative supplies arrive on a government boat and are dispensed at a government schoolhouse. Take it from Charley Brower, competing with Uncle Sam is no idle joke. Only a bright idea on the part of some cooperative official saved one of his stores from a hard tussle last season.

The cooperative stores were established years ago, but there had never been a dividend. Not that the Eskimo stockholders had protested—since it was their first adventure in capitalism they knew nothing of the sweet uses of accrued earnings. But someone said there ought to be a dividend and a dividend was ordered.

The simple Arctic souls did not trouble themselves about the cause of this generosity; the main thing was that a dividend was to be paid. They were to get supplies at the stores without having to lay down

pelts or currency in return. Joyously they hitched up their dog teams and flocked to the store.

This dividend was a huge success—and a disaster. It swept bare the shelves of the cooperative store. Thus when John Walrus-Eye, that great hunter, arrived with a silver fox pelt worth \$200 there was no flour or canned delicacies to give him in return. And he did not want money, he wanted things. John Walrus-Eye then discovered that Charley Brower was still doing business at the old stand; his shelves displayed rifles that repeated and cartridges that fitted the same; also such luxuries as flour, tobacco, gun drops and silk stockings. And it was the Cape Smythe Trading and Whaling Company that got the furs.

Never Have Any Murders

"BUYING furs and selling tobacco isn't all I have to do," Brower tells you. "The United States Commissioner at Barrow. It's something like being justice of the peace. The Eskimos are one people under the American flag who respect the law. Usually telling them not to do a thing is sufficient. We never have any murders. There are no thieves. Since the whale ships quit the Arctic we haven't had a liquor problem."

Most of Brower's cases are what the moving would call "crimes of love." The commissioner's methods of judicial procedure are magnificent in their simplicity.

"I speak the Eskimo language. All I have to do is listen to what they are talking about. I hear a couple of old gossips ruining the reputation of some girl. I call the offending boy into my office and accuse him of his iniquity. Usually he says, 'Who told you?' That is a confession, and from then on we have no trouble. I sell 'em a wedding ring and if the missionary isn't handy I marry 'em."

"Funny how little difference longitude and latitude make in human nature. The old folks involved in these Arctic scandals carry on about like old folks would in Missouri or China. Nothing of that sort ever occurred in their family before. The disgrace is awful and so on."

Brower says that some day he is going to write the story of his life. It will be worth buying. He was born in New York City. At thirteen he went to sea. Returning from a voyage to South America, his ship was sunk by another vessel just

Eskimos at Point Barrow celebrating their return from a successful whaling expedition. The hunters are tossed in a walrus hide, the women-folks joining in and helping with the tossing



© EARL ROSSMAN

before it entered New York Harbor. Several lives were lost and there was quite a hullabaloo over it. Young Brower discovered when he got home that he had become a hero to his friends who were still enchained in the humdrum of school. That wreck took all the hunger for adventure out of him. He didn't want to go back to sea. But he had made a reputation as a hero and he had to live up to it. Reluctantly he signed on again. Thus began the years of his sea roving. He tells you casually of horrors that would fill a Conrad novel. Such as being becalmed in the center of the Pacific while his ship blazed with a burning cargo of coal. Like all sailormen he got the idea at last that he was sick of the sea. So he swallowed the anchor and tried living ashore at San Francisco.

"I couldn't stand it," he confessed. "First thing you knew I was on my way to the Arctic." It was a coal-mining scheme and it fell through.

That was in the days when women choked their waists with corsets. The reluctant bull-head whales were called upon to furnish bone for these stays. Ergo, every summer the whale ships sought the Arctic where the protesting bull-heads abounded. Brower has many a saga of these wild, rough days.

He tells how he was in command of a party of thirty-two men who were abandoned on the ice pack by a ship. For twelve days they struggled over the merciless ice in what they hoped was the direction of the

shore. They had nothing to eat. One man shot himself. Another went blind and had to be led at the end of an oar. Another went raving mad. The weak one fell and never got up. Of the thirty-two who started, there were sixteen who reached the shore.



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Little Eskimo children with their dolls in front of a typical igloo at Point Barrow. Bobbed hair and bridge haven't reached this country yet, but competition in business has, reports Charley Brower

Brower's business fortunes began with what he calls "pirating." That doesn't mean that he swarmed aboard a merchantman with a cutlass in his teeth; it refers to the sal-

vaging of vessels abandoned or wrecked. When he and two companions decided to stick it through the winter their first prize was the "Fleet Wing." She was waterlogged and yielded poor returns. Their next ship, the abandoned "Ino," was more generous. "There was a small fortune in her hold — supplies for two years. It was with these goods that Brower's trading business began. (One of his fellow "pirates" is now skipper of a passenger elevator in a Washington office building!)

This farthest-north business man has seen great changes since the rip-roaring days of the whalemen and their whiskey. When he first went there it was common practice for the Eskimo to kill girl babies; men and women too old to follow the hunt were sometimes walled in igloos and left to starve.

Brower is one of the instruments by which commerce has encompassed the ends of the earth. After him came religion, law, education even.

Gradually the black threat of famine is being driven off. The Government has introduced reindeer and the Alaskan Eskimos are changing from nomad hunters to herders with settled homes. That is a far leap in evolution. Who can say what the next step will be? Do not be surprised if you pick up your paper some morning and find that the Point Barrow Rotary Club has been formed and a subscription started to advertise the delights of the Arctic climate to the residents of the State of California.

Other Times—Other Occupations

ALTHOUGH population in the United States has increased since 1850 from 23,191,876 to 105,710,620 in 1920, the ratio of increase of occupations to population has not been uniform. Certain occupations have disappeared; certain others have amazingly expanded. Quite as amazing is the refusal in other cases to shift at all.

For example, in 1850, we had 1,323 wheelwrights to make wheels for every 1,000,000 persons; in the picture of today the puzzle is to "find the wheelwright."

Take the opposite case: In the midst of every 1,000,000 of our people seventy years ago there were scattered 1,039 machinists; in 1920, we find an army of 7,587. Of chauffeurs there were in 1850 in any million you might segregate exactly none at all. Fifty years brought the automobile cult, and in twenty more the census discovered 2,697 young men professing chauffeurism to satisfy the demand.

But consider the clergy! In 1850, there was a clergyman for every 949 persons. Today the demand for salvation is just what

it was then. There are 912 sinners for each divine. "The relation between clergymen and population," says the *Monthly Labor Review*, from which all these revealing figures are taken, "has remained fairly constant." The jazz age demands guidance in its stepping, it seems, just as did its grandparents.

So also with lawyers and judges. But less in demand than the mentors and expounders are physicians and surgeons. They have decreased consistently since 1850, when there were 1,757 of them per million. In 1920 only 1,372 were shown.

New demands, and machinery, have combined to drive the blacksmith from our kaleidoscopic life. He used to be the social center for the village and "made all the metal parts of the wagons, except the axle thimble, welded the broken parts of almost any kind of machinery or made new parts, made his own horseshoes and horseshoe nails, and many other things." Now "parts" are produced wholesale by machinery, horses are anachronistic, and the spreading chestnut tree bears a "to let" sign. Another figure

fast wreathing in legend is the American seaman. Where are these "men of might" of early days? We had 3,044 sailors in 1850 to season the lump of 996,956 landlubbers. Today? But 519 answer the roll call.

Behold, however, the Rise of the Plumber. The American enthusiasm for bath-rooms—"a luxury enjoyed by few families in 1850"—has raised many to the plumb-color. Only 81 plumbers then to every million. Now, 25 times the ratio.

Such also is the case with electricians. When the clock struck 1900, they awoke to find themselves famous. By 1920, every million Americans were demanding 2,014 electric wire-pullers and getting them.

The demand for steel is great—increasing the ratio from 528 to 8,006—but the clamor for manicuring, hairdressing and barbering is almost as insistent. Americans create the sinews of civilization but only on condition that after the toil there shall be showers and curling-irons, buffers and bright lights and big cars. Individual tastes and desires condition the lives of those who work.



© EDWIN LEVICK, N. Y.
How does this interior—the new office of the Bowery Savings Bank—impress the newcomer from Europe, the immigrant, of whom William E. Knox wants to make a capitalist? At first it awes him. Later he boasts of his share in "the big bank." That little box on the table held the bank's funds when it first began business

Making Capitalists— 200,000 of Them

By WARREN BISHOP

HERE ARE two planks from the economic platform of William E. Knox, president of the Bowery Savings Bank and of the American Bankers' Association: "If you would cure a socialist, make him a capitalist."

"No man is an anarchist once he gets a bond instead of a bomb."

And Mr. Knox will demonstrate the soundness of that doctrine by telling you this story: "Not long ago a man walked into this bank and wanted to borrow \$250,000 on an apartment house, property he had just bought. If you know how the New York law restricts the investments of savings banks, you know that their real estate loans are limited to first mortgages up to 60 per cent of assessed value. So this man had a very substantial equity in the apartment. And that wasn't all he had."

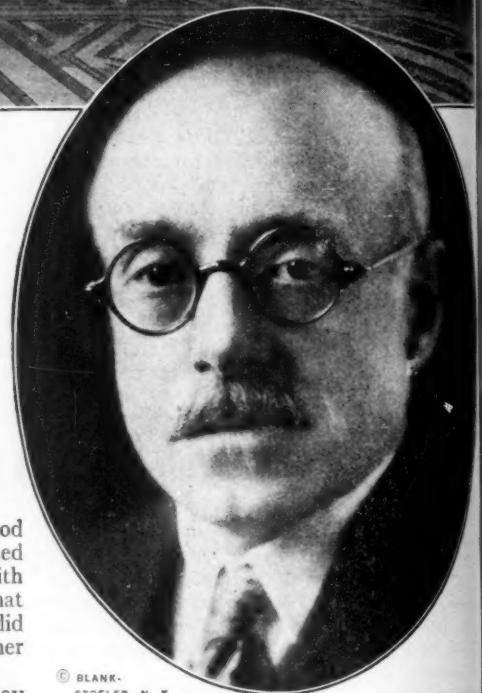
"Twenty years ago that man ran a little paper on the East Side that was as radical as they make 'em."

"And his speeches would make even a policeman prick up his ears; and policemen are used to hearing the wildest of talk, which doesn't always mean the wildest of action."

"Now this man is a good citizen—as good as they come. And a savings account started him. I like to think that he started with an account in the Bowery. I don't know that he did, but I'm going to believe that he did unless someone proves that it was another bank."

If Mr. Knox is right that a capitalist may be only a socialist who has put money in the bank, the Bowery Savings Bank is doing its share towards shifting the economic views of New York City, for it had on February 1 of this year 195,792 depositors—no small army. In fact, that's more folks than there are in Albany, N. Y.; Memphis, Tenn.; Spokane, Wash.; Camden, N. J.; Dallas, Tex.; Dayton, Ohio; New Haven, Conn.; Richmond, Va.; Des Moines, Iowa, or Springfield, Mass. All told, these 200,000 have in the bank \$225,000,000, between \$1,100 and \$1,200 each; again a respectable showing.

But size is not the only measure of a bank, and not the most important. A mutual savings bank under the New York law is, after all, a philanthropic body. It has no stockholders and pays no dividends. The Bowery



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William E. Knox, President of the Bowery Savings Bank

Savings pays no fees to its board of trustees.

Primarily the savings bank in New York State has this job: to take your money, invest it in carefully guarded securities prescribed by law, and return it to you when you want it plus interest if it has been there long enough to earn interest.

And it might seem that this was enough: that a bank which worked safely and soundly for guarding its depositors' money was doing all that could be expected of it.

That was the idea of most banks, including the Bowery; but in the last few years it, common with others, has felt that it had a bigger task, that it owed something to the

community which had grown up around it. "Service," is a much-abused business word these days. It runs all the way from handing out a free cracker with a cup of hot chocolate to sending a corps of engineers into your plant to tell you how to save money by buying one make of machinery.

But the Bowery Savings Bank has developed a very real sense of service, of a duty to the community in which it exists. To appreciate it one ought to see a little of the changes which have taken place in New York since the bank started 90 years ago, or, to be exact, on June 2, 1834.

At that time New York was a city of a quarter of a million. Immigrants were coming in rapidly, the bulk of them from Germany and Ireland. The figures for the United States for that year are interesting. In all only about 57,000 persons sought new homes here, and Germany sent us 17,000, and Ireland 24,000.

That condition continued for many years. When the bank was 45 years old, half its present age, we welcomed into this country 134,000 persons, of whom 35,000 were German and 20,000 Irish. In the lower East Side of Manhattan were growing great colonies of Irish and Germans, to whom the bank offered its facilities. But they were readier to grasp American ways or to mold American ways to theirs.

New Order Beginning

BUT even in 1879 the new order was beginning. Italy that year sent us 6,000, and Russia 4,000, although the real rush had not begun. The New York boy who is a middle-aged man now knew foreigners only as German or Irish. The Jew, the Italian and the Greek were still rarities. Now New York with its 6,000,000 population has 2,000,000 persons of foreign birth. Of these, 400,000 are native Italians and half a million were born in Russia.

And these are the "neighbors" of the Bowery Savings Bank, the men and women whose money it cares for and who are learning to turn to it for help along other than financial lines.

They need help, for they still live in a strange world which is only partly American. There are plenty of blocks within a stone's throw of the bank where one might walk all day and see no native son or hear a word of English.

This vast mass of men and women, still foreign in language but eager to be truly American, needs protection and teaching. They need to know what the United States at its best stands for. They need protection against the men who grow rich on their ignorance and their worst enemies are often the men of their own race. That doesn't mean that every Jewish lawyer or Italian steamship agent or Rumanian banker is dishonest. Far from it! Most

of them are men of high type. What it does mean is that the immigrant falls an easy prey to the man of his race who is dishonest.

The newcomer is timid; he is sometimes awed by the size of New York; he is conscious of his own ignorance of English. He turns with a friendly feeling towards a fellow-countryman who seems ready to act as buffer between him and this strange, new world.

Family Troubles Cleared

THAT is one of the things the Bowery Savings Bank is trying to do, to act as an interpreter of America to these strangers. I have used "interpreter" figuratively, but I might have used it literally. A visitor to the bank can find someone to talk to him in Hebrew, Yiddish, Italian, French, German and English, and a visitor's wants can be made out if they are expressed in any one of half a dozen other languages.

But the most calls come from Jews and Italians. Go into the main office of the

It is no easy task that Dr. Soliterman and Mr. Parlato face. It takes much more than a knowledge of thrift and investment. It takes a deep understanding of human nature, and, more than that, of Jewish human nature, and of Italian human nature. They differ each from the other, and each differs in turn from the human nature of the American or English or German or Irish stock.

With the great bulk of the folks with whom the Bowery Savings Bank deals the great task is not to teach saving. That is a lesson that they or their fathers learned in the homeland, where life was harder and where thrift was needed not to pile up, but to keep body and soul together.

The big job is to teach the wise use of savings. The lure of 25 per cent is just as strong with the recent immigrant who has saved \$5,000 as it is with the widow in Colorado who is facing life with only the \$5,000 insurance her husband carried.

"We don't," as Mr. Knox puts it, "tell 'em what to do with their money, but what not to do."

There comes, for example, to Mr. Parlato a widow with four children, uneducated and speaking no English. She works and works hard, but she is driven for money. A few years before, when her husband died, she had \$1,250 at her disposal. On the suggestion of a countryman she had put the money in stock of a rubber company. Would the bank please help her sell the shares, for she needs the money? The bank would be glad to help, but unfortunately there was nothing to sell. She had been swindled.

On "Sucker Lists"


BUT there is this that can be done: the woman can be taught to be a more successful capitalist. Now she brings her money to the bank to deposit. Like others who have once bought fraudulent stocks, she was on "sucker lists." She asks the bank about plausible suggestions for investment. She's learned her lesson—a hard one.

That's one type. Here's another case where advice was asked in time. A Jew, over 70, was facing old age with savings of \$3,500. He had a sick son in Russia, but he figured that if he could get \$10 a week, he could get along. He was ripe for the plucking if a sharper—particularly a

sharper of his own race—came along with an investment that was "sure" to yield 15 per cent.

He came to the bank, as it happened, to find a man who spoke his own language but who had no designs on his savings. With the help of the United Hebrew Charities he was put on the way to find some sort of work that he could do to piece out the safe income from his savings.

That's a problem of the poor—to stretch out their savings when old age or illness



WILLIAM E. KNOX,
president of the Bowery Savings Bank, believes that the way to cure a socialist is to make a capitalist of him. Here is a capitalist all made—Giuseppe (Joe) Bologna, bootblack plenipotentiary to the National City Bank of New York.

Mr. Bologna came over from Italy more than twenty-five years ago, and after three years sent over for his wife, father and mother. He's been shining shoes in the head office of the National City Bank for fifteen years.

He has taken out his final papers. Some of his seven children are working; some are still in school. He has a stand at 60 Wall Street where he hires five men, but Joe himself personally makes the rounds of the bank.

Chiefly, he interests us just now because he owns Liberty Bonds and National Bank stock. He is a citizen, a worker, an employer and a capitalist.

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Giuseppe Bologna

bank on the Bowery at Grand Street, and you will find on one side Dr. Mark Soliterman, talking in Hebrew or Yiddish or Russian to excitable men and women who bring to him their troubles, not financial only, but sometimes family and neighborhood. On the other side in another little office is Salvatore E. Parlato, by whose desk sits an Italian whose deposits have mounted beyond the \$5,000 on which the bank may legally pay interest, and who wishes guidance as to his next step in good investment.

or misfortune overtakes them. It's hard to save \$5,000. It is still harder to make the income of \$5,000 take the place of the chief wage earner's pay envelope. That's one reason why the poor are victims of frauds.

Such cases as this are common: Two Jewish tailors had joint savings of about \$3,500. One of them earned \$20 a week for a family of four; the other the same amount for two persons. They were all ready to put their \$3,500 down as first payment on a house to cost \$18,500 and assume first and second mortgages and pay off the latter by installments.

Couldn't See the Outgo

THEY could see an income from the property, but they couldn't see the outgo. Taxes, interest, repairs, depreciation—on all of these their ideas were of the haziest. Left alone, they would have almost inevitably lost what they had saved.

Once the matter was clearly explained to them, they were ready to give it up.

It is not easy for one who has always lived among folks who speak his own language to understand the perplexity of the foreigner, particularly an elderly foreigner, in a new land. Typical of this feeling and of the situations it leads to is the story of an old Russian Jewess who came weeping to the bank one day. She couldn't speak English; she couldn't even write her name. Because of that she let her daughter deposit her considerable savings in the daughter's name.

The daughter took advantage of the situation and refused to draw out the money at the mother's request. The bank stopped payment on the account, and that brought both parties to the bank, and a domestic truce was patched up.

Settling family differences isn't a regular part of a bank's job. The officers of the Continental and Commercial National Bank of Chicago or the Irving Bank-Columbia Trust Company of New York would probably be surprised if one of their chief depositors came in leading his wife and started to explain why they had quarreled; but the Bowery Savings Bank would take it as a matter of course, as they would take being asked how to bring a family from Poland or to get an elderly Jew to Palestine to spend his last years.

Helping travelers is one of the bank's steady duties, and helping them usually involves keeping them out of the clutches of scheming lawyers and notaries and steamship agents. In such a case the bank got a quotation from a steamship agent for a Russian who wanted to bring a relative from Riga. The steamship company's price was \$110; a small foreign-language steamship agency had asked the man \$160 for the same ticket.

Sharper Lawyer Halted

A WIDOW with a child, and working at night for \$10 a week, came to the bank for help. She and her husband had had on deposit in a bank in a nearby city \$2,000. This was in a joint account of her husband and herself. She couldn't speak English, and she didn't know how to get the money. A lawyer who spoke her own tongue had offered to get the money for her "for only \$150." The bank showed her she could get the money without expense.

An American citizen had a wife and two children in Italy and wanted to bring them over. He paid \$50 to a man who said he was an authority on immigration procedure and that for that amount he would file a petition in proper form. After four months

nothing had happened, and he asked Mr. Parlato's help. The bank found that the necessary permission had been delayed because the papers were wrongly drawn. In a month the family was on its way without additional expense, although the \$50 was gone forever—and for nothing.

These instances might be drawn out indefinitely. More than 15,000 men and women came to the bank for advice last year. That's 50 every banking day; and if you watched the throng on a busy Saturday morning, you would think that they were coming 50 a minute.

Next to "service" one of our most over-worked business words is "sell." But I want to use it to give another definition of this work.

It is not merely a task of "manufacturing capitalists"; it's a task of "selling America." Of the nearly 200,000 depositors in the bank which Mr. Knox heads, enormous numbers are in touch with their adopted country at only a few angles, and those angles are mostly sharp.

They know the policeman and the other restrictive forces of government, but they don't always know the helpful side of government or of their fellow-citizens.

The Cause of Resentment

THEY feel that they have come to a free country, and they are apt to interpret freedom as license to do as they please with little regard to a neighbor's rights. When that freedom is checked by authority, it is apt to be checked without much explanation. The result is a resentment against authority, a misunderstanding of America.

That is part of this job of making capitalists that Mr. Knox and his bank are carrying on, the job of making Americans first. The

bank doesn't turn up its nose at any means of getting its folks in touch with the better side of the community. It has used advertising and advertising which doesn't content itself with telling how big the bank is or how many dollars are piled up in its vaults and how imposing its board of directors is.

It devotes an advertisement to life insurance and tells the bank's depositors and its friends who are not depositors to come in and talk over life insurance.

Power of Appearance

BUT THE bank is not unmindful of the power of appearance. Its older building on the Bowery is an impressive monument to the art of the late Stanford White; its newer building near the Grand Central Station is an example of all that is up to date in banking quarters.

I asked Mr. Knox if his Jewish and Italian friends were not overawed by the bigness of the buildings that house their money, if they would not feel more at home in smaller, simpler quarters.

"Sometimes, at first, they are hesitant," he said, "but that soon changes to a feeling of liking and confidence. 'The big bank on the Bowery' is a friendly phrase with our depositors. Sometimes when their deposits pass the \$5,000 limit, one of our officers will recommend to them to open a new account with a sound old savings bank not far away, which is housed in a plain, small building."

"That bank too little," is the answer. Millions are, after all, impressive; size of building and beauty of architecture have their part in a bank's planning; but one of the finest things a visitor sees in the Bowery Savings Bank is a trembling, bearded old Jew, pouring his troubles into a sympathetic ear, and going away helped.

Making Men With Boys' Minds

NOT SO many years ago the majority of men felt that the place to learn law was a law office, and the place to study medicine was with a doctor in practice. As for schools of journalism or of business, they would have seemed ridiculous.

Now comes Dr. Glen Levin Swiggett, who is in charge of commercial education in the United States Bureau of Education, to tell us that in less than ten years the attendance in business departments of American universities has grown from 12,000 to nearly 80,000.

Here is the way the 80,000 are divided:

Accounting.....	26,786
Advertising.....	7,145
Banking and Finance.....	17,701
Insurance.....	2,140
Manufacturing.....	1,495
Merchandising.....	5,941
Organization and Management.....	7,280
Realty.....	1,075
Transportation.....	3,761
Secretarial Training.....	3,719
Commercial Teacher Training.....	1,368
Journalism.....	3,016
Public Service and Civic Work.....	2,453

Just as these figures of Dr. Swiggett reached our desk came a summary of a speech made by Dean Andrew F. West, of the Graduate School of Princeton, to the executives of the Prudential Insurance Company, gathered in biennial council. Said Dean West, "Business is best learned in business; insurance in insurance; journalism in journalism."

In explanation, the Dean went on to say:

But there is something back of business. There is something back of that other great public concern of this country, politics. That something is education, and on that subject I wish we had such an agreement as to principles as you have in regard to what are the true principles of sound business. It may humiliate us to think that in this vast republic of the United States our public and private education is not in a good condition, not so good a condition as it ought to be or as it might be at the present time.

In 1890 the United States spent \$140,000,000 on education, public and private. In 1920 it spent one thousand millions. The times had changed, but discount all you like for the reduced value of the dollar since the war, and you will find that we spent four times as much as we did thirty years previously, and the country has not grown four times in population, and the education is not fourfold better. You know that today almost any boy may drop any study at the end of any year in the schools of the United States. How is he to get continuity of effort? How is he to master anything under such a "free-lunch" procedure? You cannot train men that way; and unless the training of our boys and girls is going to turn them into men and women and not into men with boys' minds and men's bodies, and women with girls' minds and women's bodies, how are we going to get the best for either a sound construction of our policies or education?

Training, the discipline of the mind, is the thing which Dean West feels is most lacking in our education. To see, to remember, to retain, to reason—these Dr. West feels are not being taught as they should be; and unless they are taught, there is small use in trying to teach business methods.

Uncle Sam's Handicap in Business

By NAT OLDS

A DEPARTMENT head in a well-known organization has a staff of technical experts who are being paid an average annual salary of \$2,241 each. One of these technicians came to him a year ago and reported that he had received an offer from another concern which would guarantee him 200 per cent more than he was then being paid, and in addition would grant him a bonus of whose limit he should be the regulator.

The job would be an advisory one, with investigations and reports as an essential part of his duties. The work would duplicate what he had been doing for several years past. What could he expect from his present connection, and what should he do about the offer?

A Time-Honored Policy

IN MOST businesses the problem would have been settled in a few minutes' conversation. It happens, however, that this organization operates on a time-honored policy by virtue of which the department chief is assured that he and his staff can never expect to obtain much more pay than they are at present receiving, and that when they become superannuated, they will be retired on an annuity which will be insufficient for their needs.

The technician who got the offer of a 200 per cent increase in his pay knew that he hadn't a chance for a commensurate raise in his present job. So he reported to his chief, resigned and went to work on his new job.

But this is not all that happened during the same year in that organization. In addition to the technician whose fortunes we have been describing, twenty-nine other members of the department staff, each drawing about the same sized salary, resigned for similarly attractive reasons and got jobs outside at increases ranging from double to triple what they had been paid in their old positions. All this happened in the year 1923.

There is no secret about this organization, and anyone who is interested in ascertaining the facts first-hand can go and ask for them. They are a matter of record. The organization is the United States Government, and the department in which these resignations occurred is one of the most important in the official directory of Washington.

I became interested in looking up these facts because of the long-discussed question of what the Government could do with Muscle Shoals. I am not going to discuss that question except as it happens to throw light on the Government's pay system as opposed to the methods of private ownership and management.

The Attraction in Salary

THERE were various offers from business men for the Muscle Shoals plant. There was also introduced by Senator George W. Norris, of Nebraska, a bill for straight out-and-out government ownership and operation whereby the Muscle Shoals properties should be completed, run and developed by the Government itself. This bill presented other points of organization details which would interest engineers and operating executives, but they are aside from the pay which the bill provides for the men who should run the plant.

The Muscle Shoals properties, when completed and ready to be put to work developing electric power, will represent an investment of \$164,000,000. That investment might not

seem enormous to Henry Ford, but it is something of a responsibility as such things go. The government-ownership bill as originally drawn fixed the highest salary legally possible on the Muscle Shoals pay-roll at \$12,000.

On the final revision of the Norris bill this was cut down to \$7,500. This is the highest salary that each of the three directors of the enterprise could receive. The general manager, who was to be responsible for the successful administration and development of the properties, the power, the fertilizer and the project, would be paid the same annual salary of \$7,500.

This adjustment of compensation fascinated me. My memory pictured a procession of plant executives of my acquaintance whose salaries run from \$18,000 to \$35,000, and whose responsibilities are no greater than those which will develop at Muscle Shoals. One of the members of the Senate committee which reported this bill favorably is interested in a public utilities corporation which pays, it is reported, several of its production executives \$20,000 a year, and one general plant executive about \$50,000 a year. So the \$7,500 salary-limit clause set me thinking.

The trouble is not necessarily with \$7,500. It would be the same illogical thing, it seems to me, if it were \$5,000 or \$15,000. The odd part is the arbitrary fixing.

Would Business Allow This?

SUPPOSE a group of business men should start a public utility corporation, or a bank, or a department store, and say, in effect: The maximum salary to be paid by this corporation shall be \$7,500; cashiers shall receive \$6,000; buyers, \$3,500, and so on and on. Suppose no department head could reward a skilled subordinate by promotion; suppose it were not possible to go into the open market and pay for knowledge and skill and energy whatever prices were needed. Under what sort of handicap would that corporation start?

Now I am not blind to the great number of fine things, great things even, that have been done by government with government men in charge from top to bottom. Government figures that it has no competition, either in time or money; and, as a matter of fact, it hasn't. Government is service, which is delivered at cost and without profit. This is true of all governments, and is one explanation of why government cannot hope to compete with industry on business terms.

Business is built on service for profit, and competition affects profit. Consequently it has its say in the figuring of costs, and costs are the life-blood of business success. Its effects on the personnel side are similar in their results. Competition breeds initiative, and initiative is one of the weapons which are essential for fighting the battles of business, and there it commands its price. Business is willing to pay this price, but government offers no bonus to initiative, and so, in the ranks of government, initiative atrophies. It withers away like an arm bound up in a sling. And when initiative is chained up, ambition can be kissed good-bye.

That was what interested me in the \$7,500 maximum pay offered to the operating executives by the government ownership and operation bill analyzed above. Prof. Michael Pupin, the famous Columbia University scien-

tist, in an address in New York City, brought out this point of government relations to its men of brains very clearly. As quoted in the *New York Times*, Professor Pupin said:

The weakest point in democracy has always been lack of appreciation of expert knowledge. Railroads, telegraphy, telephony and radio broadcasting, electrical lighting and electrical transmission of power, are certainly public utilities; but the intelligent people of the United States will never consent that these things, requiring an enormous amount of expert knowledge, be placed under government ownership. The machinery of our government or of any other form of government known to man today is utterly incapable of handling technical problems which require the highest type of training applied to the highest type of intelligence.

All of these public utilities are full of complex technical problems which cannot and never were intended to be handled by any government. In Europe we see that where there is governmental ownership the utilities are being run at heavy deficits. And only recently Mussolini has said that he wants to get away from government ownership and adopt the American system.

In a Jungle of Red Tape

THE Columbia scientist sketched the government landscape in broad and general lines. The picture I see is a close-up of a capable works-manager, or traffic superintendent, or general manager, in the operating office of a government-railroad system, or at Muscle Shoals, struggling against the jungle of tradition, red tape, rank, seniority and politics, and receiving \$144.23 each week as compensation. Then it fades out into that same engineer being scrutinized by the shrewd scouts of industry, and the moment he displays a talent as a producer that even the stewards of government cannot bury in a hole, being snatched into industry at \$25,000 a year, and by comparison living happily ever after.

I have said that no part of my questioning is based on the exact sum suggested. There was a reason for \$7,500. At the time the bill was introduced, a senator's pay was \$7,500 a year and a representative's the same. That seemed to be a sort of high-water mark to many legislators.

Art and Citizenship

In other years, the activities of architects in this country were largely restricted to the planning of buildings. The new generation seems to have a strong element of the artistic-business man and shows a proper concern for the development of communities. It is no longer each man for himself, or each building for itself; a broad community spirit has developed.

Out in Los Angeles, a community center was needed, so seventy of the men of the Allied Architects' Association, all members of the American Institute of Architects, gave outright to their city and county a complete plan for the grouping of the buildings in this center.

The plan provides for government structures, a union terminal, central park, connection of boulevards and restoration of the historic Spanish Plaza and the Mission Church.

That is an instance of art, broad citizenship and good, sound business promotion cooperating. They very often go together.

NATION'S BUSINESS

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MERLE THORPE, Editor

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The Sin of Aiding Business

HENRY VILLARD was a distinguished president of the Northern Pacific Railroad and was its head when its lines reached the Pacific.

Oswald Villard, his son, is editor of *The Nation*, a chief organ of the Babbitt-hunters. Whether the money made by Henry Villard supports his son's publishing activities, we do not know. What we do know is that *The Nation* does not like the views of Will E. Humphrey, Federal Trade Commissioner, as set forth in an interview in our May issue. *The Nation* has sent us an advance copy with its criticism of Mr. Humphrey marked, that we might read.

"It seems," says the sorrowing *Nation*, summing up Mr. Humphrey's interview, "that the Federal Trade Commission was intended not to control business but to aid it."

What was the Commission empowered to do? Congress said that its task was to prevent business "from using unfair methods of competition in commerce." Preventing unfair competition would seem to be one way of aiding business.

And why shouldn't business be aided? Is it a criminal thing to aid business? And why should *The Nation* single out business as a thing to be "controlled" any more than the practice of medicine or the laying of brick or the teaching of children?

President Wilson in his message urging the creation of a trade commission said: "The business men of the country desire the advice, the definite guidance and information which can be supplied by an interstate trade commission."

Can it be that Mr. Wilson had in his heart also the nefarious purpose of aiding business? "Advice," "definite guidance," "information,"—these sound dangerously like aid!

The Nation is not only upset that the Commission should so far forget itself as to aid business. It quotes with reprobation these words from the Commissioner:

"The Commission wishes to be worthy of the confidence of the business interests of the country."

And there, says *The Nation*, Mr. Humphrey let the cat out of the bag. He "lets us know precisely how the Commission is going to function hereafter." Would *The Nation* have Mr. Humphrey say—"The Commission wishes to be unworthy of the confidence of the business interests of the country"?

The trouble with the Villards and the Huston Thompsons is that they start off with the belief that business is evil. "Hang it first and try it later" seems their motto. To "aid" business, to be worthy of the confidence of business—these are sure proofs of a sinful mind.

Putting an Editorial Idea to Work

NATION'S BUSINESS once told a story of a government saving by cutting out the blue stripe on mail bags. No one knew just why they were there except that they always had been. The article suggested that other lines of business might have their "blue stripes"—little wastes that had become habitual and that pass on unnoticed.

The Boston Chamber of Commerce picked up the thought and invited instances of "blue stripes." Now that chamber

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has issued a booklet giving a dozen of these reports. Here are some:

The Dennison Manufacturing Company found a year's accumulation of inks of various colors and qualities. With the help of a little chemical investigation it reground and mixed them for use in printing office forms. Saving \$5,000.

The H. A. Johnson Company added a one-ton Ford to their three six-ton trucks and found a considerable saving in small jobs in the city which otherwise took a heavy truck or an outside contractor. Saving \$6,000 a year.

The Sturtevant Mill Company reversed the process. By means of their budget system they found that \$10,000 could be saved in one year by selling trucks and contracting for hauling.

The A. M. Davis Company found that supplying fountain pens saved in ink alone ten times the annual investment in fountain pens.

The instance with the most human appeal was contributed by E. J. Ovington, of Ovington and Richard, Inc. He wrote:

I used to wear out anywhere from four to six pairs of shoes a year, and for a long time this was quite annoying, especially during the war when this necessity was high. Then, all of a sudden, I noticed that fully 80 per cent of the people using the stairs of the subway scuffed their feet very badly, myself included. Knowing that these stairs are made with an abrasive in them to minimize slipping, it occurred to me that here was a blue stripe that could be very easily eliminated; consequently I have learned not to scuff my feet, thereby "saving my sole" and decreasing the energy required in walking, especially in using stairways.

If it were possible for all of us to learn not to scuff and thereby save 50 per cent of our footwear bills, the savings in the aggregate per year for the United States would be approximately at least \$500,000,000, which, of course, is quite a little pocket money.

Again we suggest that you look for these blue stripes in your own business!

"There Ought to Be a Law"

THAT gesture of faith made by Denver Rotarians in a prayer for rain to save the crops of Colorado farmers was earnest and impressive. Rain came the next day. Prayer to end drought is rooted in man's earliest use of the soil. But it does seem a bit old-fashioned at a day when relief from all human ills and disappointments is so frequently sought through legislation.

And see what Tennessee has accomplished by legislation.

The "Agricultural Ladder"

THE AGRICULTURAL LADDER in the United States still looks attractive from the European point of view.

"The phrase 'agricultural ladder,' " according to a recent very serious article published in Europe, "has been coined, meaning the ladder of advancement on which a man climbs from the position of hired worker to the position of tenant, and again from that of tenant to the rights of a freeholder of his own farm. . . . It is thus a phrase describing the opportunities of the worker originally working for wages to become the owner of his own tools of production and means of subsistence, to live in his own dwelling on his own homestead, owning his own land, animals and machinery, and able to bequeath all of this to his heirs or, if he prefers, able to hand it all over during his lifetime and retire from business to leisured comfort in the nearest town.

"The phrase is significant of the desires and ideals of those who invented it, and the fact that the 'climb up' is possible, not common, and has been surveyed by scientific observers and government departments, and has even been made the subject of statistical investigation, is in itself a comment on the conditions of a country where agriculture is an industry still fluid enough to allow of the accumulation and transfer of capital without great difficulty. It is one more proof that agriculture is as much under the influence of the general economic condi-

tions of any particular country as is any other occupation. The great factor which distinguishes American wage earning is the frequent opportunity for workers to accumulate out of earnings."

All this may seem pretty idealistic to many American farmers who have been through the tribulations of recent years and who have put into the future their thoughts of retiring to "leisured comfort in the nearest town," nevertheless it is always refreshing to see ourselves as we appear in other people's eyes.

House Cleaning

NATION'S BUSINESS called attention last month to the action of the Southern Lumbermen in branding their output for the protection of lumber dealer and lumber consumer and cited it as in line with Secretary Hoover's preaching that the way to prevent government regulation of business is for business to regulate itself.

"But," asks Mr. E. W. McCullough, head of the National Chamber's Department of Manufacture, "why don't you say a word for some other industries? Here are a few:

"Hot Water Storage Tanks.—The manufacturer will stencil his name and address, also classification as to standard or extra-heavy tank. This method of marking by the manufacturer is in reality a life-time branding of the tank, for the protection of all—manufacturer, jobber, dealer, consumer.

"Eaves Trough and Conductor Pipe.—The basic idea of the simplification and elimination is twofold: first, to reduce the number of sizes that are manufactured of Conductor Pipe and Eaves Trough and, second, to eliminate all gauges of sheets too light for proper service.

"Hollow Building Tile.—What led up to our endeavoring to put the simplification program through was the fact that a great many factories in order to try to meet competition manufactured their tile by skimping the weights to such an extent that the product they furnished was unfit for use.

"It is our association's purpose—and to a large extent the manufacturer's—that tile be made up to the standard weights by all manufacturers, so that when a customer buys a certain kind of tile for a certain purpose, he will feel safe that he is getting that kind of a product.

"Metal Lath.—Changing the specifications of metal lath from gauge to weight per unit has done the metal-lath industry worlds of good. Under the old method unscrupulous manufacturers, in case of severe competition, could easily enlarge their openings thereby reducing the weight of steel in a square yard of material. The present method of specifying by weight per yard eliminates this.

"And," said Mr. McCullough, "I could list more of them, but that will do for a starter."

Business isn't as wicked as some folks would have us think.

Unpaid Work for Russia

GOVERNMENT OPERATION certainly creaks at every joint in Russia and is so unsatisfactory to the workmen that, according to governmental officials, it is becoming a source of "political danger." The International Labor Office at Geneva publishes information which discloses that in nationalized industries wages are often a month in arrears, and in some instances as much as three months. Intellectual workers, among whom are classed the doctors and the teachers, have to wait still longer for such pay as they are allowed.

The trouble goes right up the line, in industries that are publicly operated in Russia. The metal industry has to supply the Commissariat of Transport, and like government agencies in more democratic countries the Commissariat of Transport insists upon prompt delivery of goods but makes payment when it happens to have the fancy. Other nationalized industries turn out goods regardless of demand, and then find they have tied up in unsalable inventories the money they need to meet pay-

rolls. Others have put their working capital into machinery and other forms of investment for production.

When wages are forthcoming to the workers in nationalized industries, they do not always mean much to the recipients. Coal miners, for example, have to take 60 per cent of their earnings in bonds which are exchangeable for goods at the stores of the so-called cooperative consumers' societies. But these stores often are unable to supply the goods, being in difficulties of their own. A coal miner may have to wait a couple of months before a store of this sort can supply the goods he wants in return for his bonds.

The upshot of such conditions is that workmen in nationalized industries have to go somewhere else in order to get enough money to eke out a bare existence. One-third of the days lost in the metal industry and the coal mines, it is said, are due to workmen going into private industrial employment for the purpose of earning some money they can spend. Their discontent with their lot in the nationalized industries is heightened when they find that these private concerns, notwithstanding the difficulties they encounter, pay wages anywhere from 50 to 100 per cent higher than the wages of the nationalized industries.

From the communistic point of view there would seem to be very real "political danger" in such conditions.

More Sugar!

HOW MUCH sugar do you eat? If you live in the United States and are that average man of whom we love to talk, you use 100 pounds a year, two pounds a week.

What would happen if all the world used sugar as freely as we do? Theo. H. Price, of *Commerce and Finance*, has taken his pencil in hand and figured that the world would use not 23,000,000 tons, as it now does, but 80,000,000 tons.

Talks about the inch that some one hoped to put on the Chinaman's shirt tail set all our cotton mills working overtime. What will happen when the Chinaman really begins to use sugar? Will it come from Cuba? Or the beet fields of Colorado? Or will West Indian islands that have lain dormant for years start into new life?

Perhaps cane and beet will both go by the board and the world will use some new sugar. At the recent meeting of the American Chemical Society the scientists talked about crystalline dextrose from corn at low cost. Perhaps Iowa will be the world's sugar bowl.

One thing is sure about sugar: the more folks eat, the more they will eat. Teach the natives of Central Africa to use sugar, and they'll want more. They will even work for it.

"Sans Tache"

A BALTIMORE publishing house, the Williams & Wilkins Company, sends us for review a book on personnel management in hotels, a subject of somewhat limited appeal. Turning over the pages, we came to this heading, "Sans Tache," the motto of the firm. "Without blemish," truly a high ideal.

Two pages at the end of the little book present a declaration of faith by the publishers. From it is taken this sentence:

Our ideal is to publish books to which we shall be proud to attach our imprint, made by craftsmen who are willing to accept open responsibility for their work and who are entitled to credit for creditable performance.

The printing craftsman of today is quite as much a craftsman as his predecessor. There is quite as much discrimination between poor work and good. We are of the opinion that the individuality of the worker should not be wholly lost. The members of our staff who have contributed their skill of hand and brain to this volume are:

Then follow the names of those who helped make the book, printers, proof-readers and all.

A fine tribute to good workmanship. Perhaps there's an example for other industries. Not all could follow it, but it's a recognition of good work.

"I'm a Farmer; Don't Pity Me"

By JARED VAN WAGENEN, JR.

I HAVE sometimes ventured to believe that by virtue of my breeding I might have a certain warrant to say something concerning the business by which I live, for we have been farmers for a long time.

It was one July day in the year 1800 that my great-grandfather first came to Hillside Farm. His name was Jared Goodyear, a Connecticut Yankee, a Puritan and a lineal descendant of one Stephen Goodyear, first deputy governor of the Colony of New Haven.

He brought with him all his worldly goods in an ox-cart, and the most important item in his inventory was his young wife Beda and the six-weeks-old son who tugged at her breast.

So here, on the Lunenburg Pike, he built him a cabin and set up his household gods and, according to the modest standards of his time, prospered—and we are here yet. It was my father's father who took to wife a daughter of this Jared Goodyear, and thus the farm comes to me from the distaff side.

It is a very good farm as eastern New York farms go. It is not level and free of stone with black soil like the farms of the Corn Belt, nor has it the natural advantages of the favored lands which lie in the beautiful Finger Lake region of western New York. It lies high above sea-level, and the winters are sometimes long and cold.

A Land of Noble Hills

ALSO IT is a land of noble hills, but these hills are made of limestone till, great furrows from the glacial plow. Because they are limestone hills, alfalfa grows easily wherever you cast seed, and a farm where alfalfa is at home is never a really bad farm.

Like all old homes, we have gathered traditions, and one which we especially cherish is that never during those 125 years has the house been closed for an entire day, that always when evening came there was a fire on the hearth and a light in the window.

We have always lived on this farm, and it has, through fat years and lean, answered to our care, and from it we have had much pleasure and satisfaction and content.

I would be glad if from this vantage point I might speak to other men whose daily life has very little in common with my own, in order that they might have a little better understanding of our problems and our lives.

Just Recently "Discovered"

SOCIALLY and economically, the farmer was not really "discovered" until about the opening years of the present century. Of course we had, quietly and on the whole efficiently, been doing our work from the beginning, but our case had not been much discussed from the platform or in the public prints. We had not yet been officially recognized as a "problem," and on the whole nobody seemed to be greatly worried concerning either our pocket-books or our souls. We were not even vocal in our own behalf. I take it that we had not as yet, in the phrase of the Westminster catechism, "come to know our Misery."

It is true that farmers had mighty hard going during the last two decades of the century behind us. For many years ending with about 1896, the general price level had been declining, but farm products fell even more rapidly than other commodities. The years 1894-1896 mark the very bottom of that bad era which deserves to be spelled with capital letters—The Great Agricultural Depression.

Our own trans-Mississippi country and the Canadian provinces were being agriculturally developed so rapidly that literally nowhere in the world was there a place for their products at any remunerative price. In 1894 the average farm price of wheat was 49.1 cents per bushel, and it takes only five bushels of wheat to make bread for a man for a year. In 1896 the average farm price for corn was 21.5 cents per bushel. These fig-

ures are taken from that unemotional compendium of useful information, the Year Book of the U. S. Department of Agriculture. During those same years, in summer, much milk was delivered to the milk-shipping stations in the eastern states for 1.1 cents per quart. Anyone who has any understanding or acquaintance with agriculture will appreciate something of the pitiful conditions which lie behind those cold figures. These were prices which, it is true, gave to the farmer an existence but which afforded no opportunities for leisure or culture or for gathering a little wealth against a possible evil day.

The only thing which can be said in behalf of that period is that labor and supplies were also low in price and that government, national, state or local, had not yet learned to spend money lavishly so that taxes were rather nominal. Thus the infrequent farm dollar of 1896 went a long way.

"I Was a Happy Youngster"

THOSE were the years which gave us the grotesque march of Coxey's Army and Populism and Jerry Simpson and the Green Free-Silver Delusion. I think it a wonderful testimonial to the innate sanity of the great mass of farmers that upon the whole they kept themselves free of economic vagaries. In the agricultural east, at least, the wild-eyed apostles and evangelists of social discontent have never obtained much of a hearing.

I cannot boast that I personally had any very considerable part in fending those lean years. I was a very happy, carefree youngster just a few years out of the College of Agriculture, working on the farm and finding life full of new impressions and pleasant surprises. It was my good father who was doing the wrestling and the worrying. Nevertheless, whenever I see a farmer who passed through that period and lived to tell the tale, I look upon him as I would upon the scarred hero of many a hard-fought



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This farm in New York State has served one family 125 years. Traditions established by the great-great-grandfather are still cherished. The house has never been closed for an entire day, and every evening there is a fire on the hearth and a light in the window.

bloody field. Also I believe he has earned the right to smile in a certain amused superior fashion when the present agricultural hard times are referred to.

The Farm Economics people have arranged for us very complete tables of agricultural prices and index numbers covering all the years back to and inclusive of 1866, and a study of these will show that, beginning about 1898 and continuing up until that fateful year of 1914, there was a marked improvement in the economic status of the farmer.

I feel that those were very good years. Agricultural prices were rising, not at all in spectacular fashion but slowly and consistently, and, more important, were rising faster than the general price level of other commodities. If our memories are not too short, we will recollect that "the high cost of living" was a phrase that came into general use even before the hectic days of the World War.

Pork Chops Go Up

BY 1910 housewives had discovered that butter and eggs and pork chops and garden stuff were costing considerably more than had been the case ten years earlier, and they expressed much surprise and indignation thereat.

Land values in all good agricultural regions were rising, and in especially favored localities such as the Corn Belt the rise was very marked. The improved financial condition of the farmer declared itself in a higher standard of living and notably in a sudden, almost phenomenal increase in the registration of the colleges of agriculture at the various state universities.

In retrospect, at least, those early years of the century appear as peaceful and mildly prosperous. The principal public interest at the time regarding the farmer was not as to what could be done in his behalf but rather what could be done to restore the old-time superabundance of everything in the market places. I am not sure but that eventually this period may attain the somewhat fabulous fame of a Golden Age.

Of course, like everyone else, the farmer experienced a season of unreal, fictitious prosperity during and immediately following the war. In justice, however, it ought to be remembered that the farmer never knew anything about "cost plus" and also that from the summer of 1917 until into 1920, by order of Congress, the price of wheat was held down to about \$2 per bushel when unquestionably, if left to itself, it would have gone very much higher. Perhaps the farmer may fairly complain that he was not allowed to "get his" along with other men.

But there is no need of again rehearsing war-time prices. They had no sound economic foundation, and my own feeling is

that the man who succeeded in coining wealth out of the need and anguish of a sick world had better be ashamed of himself.

Probably we were never anywhere as near to actual food shortage as was generally believed. Even as late as the early summer of 1920, everyone from the United States Secretary of Agriculture down was exhorting us to produce more food and thus save a perishing world, but before the harvests of that year were garnered it was plainly evident that there was food enough and to spare. Deflation struck agricultural products in May, 1920, and in many cases the drop was an

farm economist in America believes that a wiser handling of the situation might at least have eased the fall, but, after all, this is water that has gone over the dam. Doubtless severe and painful readjustment was to be expected following an economic debauch, but five years is a longer period than any prophet of gloom predicted.

Surely the farmer cannot complain that the rest of the world is unsympathetic concerning his plight. Everybody worth counting wishes the farmer well. Everybody seems inspired by the highest motives to do something in our behalf. I think I am within the facts when I say that no other class of our citizenry is the recipient of so much well-meaning advice and so much well-intentioned effort.

We have a member of the President's Cabinet all our own. Some forty-odd colleges of agriculture or departments of state universities offer to educate our children for the business of farming, and all this without charge for tuition. A far-flung system of University Extension, federal-and-state supported, stands ready and eager to give us both advice and education—all as free and abundant as the sure mercies of God.

All Ready to Aid

THOUSANDS of experts, from Farm Bureau managers up, stand ready to minister unto us. The Federal Land Bank and the Joint Stock Land Banks are eager to loan us money (on absolutely unimpeachable security) at rates lower than those offered other men. Before the law, our cooperative associations are accorded privileges and exemptions like unto those heretofore reserved for union-labor organizations.

Each year Congress travails in pain in our behalf. It would seem that there is nothing which we might ask that Washington would not grant if only half persuaded of its usefulness, and state legislatures vie with national lawmakers in rushing to our assistance.

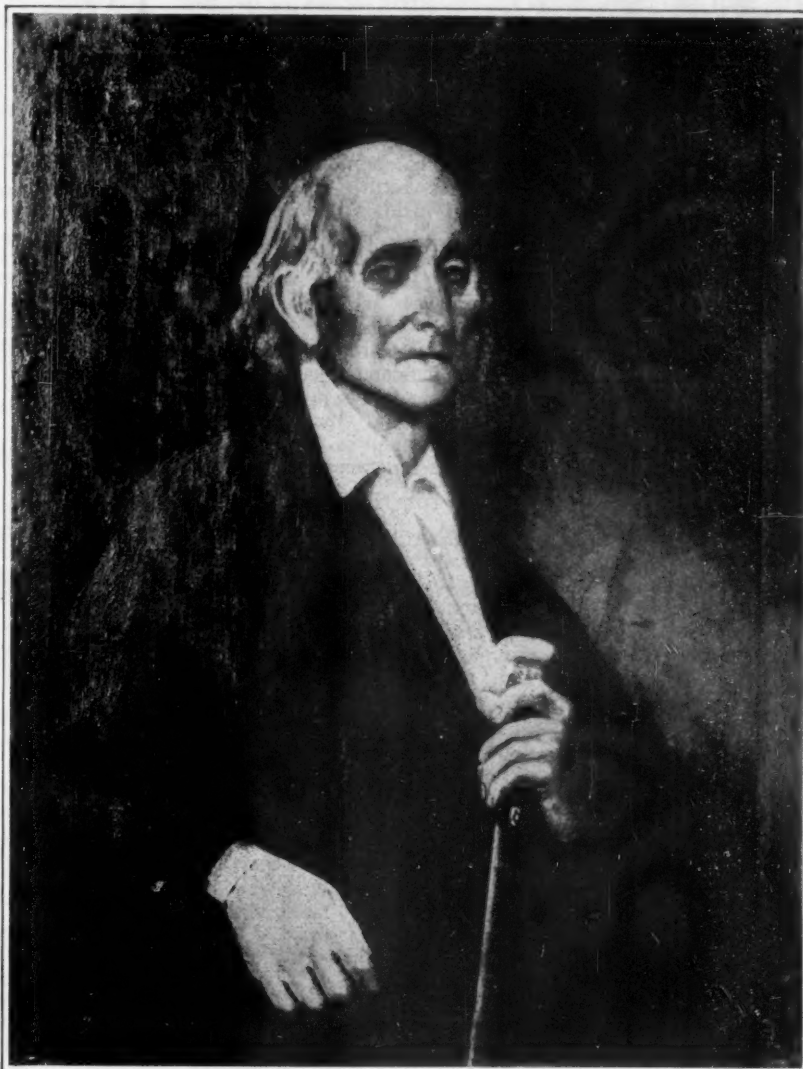
We are at once a problem in economics and a study in sociology. I am sin-

cerely grateful for all these kind words and benevolent gestures, but I am absolutely without faith in any legislative panaceas. I believe that our troubles lie too deep for cure by resolution or exhortation.

As I see it, the whole situation simmers down to this: that agricultural production has outrun distribution and consumption and that, despite the much-heralded exodus to the city, there are still more farmers than are needed and more millions of agricultural acres than can be profitably utilized.

There are certain popular ideas as to what ails the farmer which are very widely credited and yet which, it seems to me, are based on lack of knowledge or wrong thinking.

One of the most persistent of these mis-



Jared Goodyear, first pioneer of Hillside Farm, done in oil by a country artist in the early forties. "My father could remember his grandfather 'sitting' day after day while the man worked on his portrait," Jared van Wagenen, Jr., author of this article, says in a letter to the editor of NATION'S BUSINESS

almost perpendicular one, prices falling too rapidly for quotations to follow.

The logic of figures seems to make it certain that this was—or is—the worst agricultural panic of history. Of course it was shared by industry, but what puzzles and embitters the farmer is this: that two years sufficed for the readjustment of industry and a return to "normalcy," while just now, after five long, hard years, the farmer and the agricultural statistician begin to feel—at least to hope—that there is a definite turn for the better.

At this time it is a bootless quest to ask if the agricultural deflation was not precipitated and hurried along by Congress and our banking policy. I know that the foremost

conceptions is that farming is very inefficiently carried on and that all it needs is a reorganization and the application of modern business methods to put it on an economic par with other industries.

Now, as a matter of fact, we farmers are skilled men, oftentimes with the hereditary skill of generations. Indeed we already conduct our business so efficiently that any newcomer who tries it promptly goes broke on the job unless he is fortunate enough to have some outside resources.

As no other calling in the world, agriculture is cursed with the amateur men who play at the business of farming without any expectation or pretense that there shall be any relation between income and outgo. An Englishman has very recently well characterized this gentleman-farmer business as "an elegant way of losing money and thereby demonstrating your wealth."

"We Still Typify Economy"

I LIKE to believe that, as no other calling, we still exemplify and typify the ancient virtues of economy and industry. Since the war we have heard a great deal about the demoralization of labor and the deliberate limiting of output, as, for example, that a bricklayer may not lay more than a certain number of bricks in a day or that a union painter may not wield a brush above a certain number of inches in width. As yet, we know nothing of this sort of thing on the farm. Someone has well said that the farm was about the last place left on earth where men were working in order to get a job done instead of working to make it last.

Neither do I believe that there is anywhere in America any far-flung conspiracy to exploit and defraud the farmer. I am persuaded that Big Business, or Wall Street, or the Money Power, or any other term by which you wish to designate large aggregations of capital or industrial ventures, wishes the farmer well. If mere cordial good-will could help us, we were long ere now on the broad highway.

I don't see that either the statesmen or the politicians at Washington can do very much to help us unless it be by refraining from passing too many laws. I shall not even briefly discuss such schemes as price-fixing or governmental purchasing of our surplus production, because these seem to be as crazy vagaries unworthy of even respectful attention.

Neither am I able to share fully in the present enthusiasm for cooperative marketing. In so far as this means an effort to reduce output and thus control and exploit the markets, it is from the beginning doomed to failure; and in so far as it assumes that all handlers and distributors are parasites and robbers, it overlooks the fact that the accursed "middleman" frequently renders skilled and valuable service.

Then perhaps we do have some real grievances. Doubtless along with the rest of the world the farmer pays too many taxes. Taxes everywhere are becoming a "burden, heavy and grievous to be borne," but tax experts gen-

erally admit that farm property, being tangible, visible and incapable of any concealment, contributes to public impost in a ratio beyond any other class of wealth.

There is one federal policy which to the farmer seems incredible folly, and that is our governmental reclamation projects. We have already more land available than it is possible to utilize in any intensive or efficient manner. Very much of our present agricultural area is simply being scratched over in the most slovenly and careless manner, and yet the resultant production seems sufficient to cloy the market-places of the world. Just why, then, must we at this time of admitted agricultural distress strive to add to the surplus by bringing water upon arid lands?

We read that there is depression in the cotton-spinning and bituminous-coal industries akin to that in farming, but it is safe to say that no one will arise to urge that the Government build more cotton mills or open up additional coal mines.

Then there is the tariff. From time to time wise men at Washington, having noted that a thumping protective tariff did great things for certain industries, have tried to administer a dose of the same stimulant to agriculture. Now it is perfectly true that certain farm products can be greatly increased in price by a stiff tariff—or embargo, if you will. The outstanding examples are wool—always wool—and hides and sugar and lemons and certain kinds of fancy soft cheese. These happen to be items of which we do not produce enough for home consumption.

Butter From Denmark

THEN, TOO, during and after the war there have been some strange eddies and back currents in the stream of commerce. Thus from time to time a little Danish and New Zealand butter has appeared in our markets and two or three years ago frozen lamb from Australia and, strangest of all, perhaps, a cargo or two of corn from Argentina.

But wheat and cotton and pork products—these are the items which always go to swell our export balances. These always flow out and never in, and always the price must "get down to an export basis." And always, when our wheat arrives in Liverpool, it must be sold in competition with wheat from Canada and Australia and New Zealand and India and even Russia and I know not what other far-off corners of the world. An import tariff does not function in the orthodox fashion under such conditions.

I hesitate even by implication to cast a shade of aspersion on an institution so sacred as the American Protective Tariff, but as a farmer I grow doubtful when I remember that we must buy in a protected (artificially maintained) home market while

the sales of our great staples are eventually based on an open world market. I know that it is an economic doctrine of some time that it is an economic doctrine of some time has come to make the United States a "self-contained" nation, but I also remember the commercial aphorism, "He who will not buy neither shall he sell," and in some of our staples, at least, salvation depends upon overseas markets.

In running over the list of our troubles it seems to me that it all comes back again to the basic fact that there is a plethora of farm stuffs in the market-places of the world.

"I Have Made a Creed"

CHEAP food is fine for industry, and a decent man wants the world to come anywhere near the edge of famine. On the other hand, it is not too much to ask that the economic rewards of agriculture be on a parity with those accorded to industrial civilization. I have made for myself an economic industrial creed, and it runs like this:

It is not necessary—it is perhaps not even desirable—that agriculture be remunerative enough so that the farmer may pile up large wealth, but it is eminently desirable that it be remunerative enough so that he may have an attractive and dignified home and that he may educate his children according to the best standards of his time and that he may have sufficient leisure for the attainment of that fine attitude of mind and spirit which we call culture. In asking this, we are asking not for special privilege but only for equality of opportunity.

Will you permit me an exceedingly informal personal allusion? I was once talking with a friend concerning farming as a long-time business, and I cited my own particular bit of innocent vanity—how we had been farmers so long on one bit of land, how my people had gotten up early and sometimes lain down late, how they had always eaten the bread of toil and striven mightily for that old farm and his reply was:

"Van, do you know—do you realize—when if a hundred years ago your people had come to New York City and had invested the life of that city the same amount of labor and loyalty and energy and industry and said that they have put into that hill-side farm why surely today you would be living on Fifth Avenue or Riverside Drive?"

Very likely he was right, although I am unwilling to admit for a moment that living on either of those famous streets is the summit of human felicity.

In agriculture the demand is often very inelastic. The line between surplus and shortage is finely drawn. This current year, for example, the farm price of potatoes has been disastrously low. If the crop had been 10 per cent smaller, the price would have been satisfactory. If it had been 20 per cent less it would have been a golden year for potato growers. Always the short crop brings the largest gross receipts.

Wheat is a bright spot in our agriculture because the United States was favored with a large crop while much of the rest of the world had, not crop failure, but crop



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"Agriculture, the Oldest Occupation"—"Agriculture, the Greatest Science," read inscriptions on the posts of the gateway leading to the Hillside Farmhouse

shortage. So, too, corn is relatively high because last summer was below normal in mean temperature and the frost fell early. The present corn shortage will appear a year or two later in the price of beef and pork. Weather and insects are the great price makers.

The boll-weevil has done more to help the price of cotton than any plans of crop restriction could ever have accomplished. Agriculture is always a gamble with the elements. It is a process of biology rather than industrialism. No man living can make even an intelligent guess as to the price of potatoes or cabbage next September. Those matters are in the lap of the Fates.

The evolution of American agriculture does not follow the lines laid down for other businesses. In industry it is the day of mergers and consolidations. This is emphatically not true of agriculture. The so-called bonanza farm was never a real success, and it is increasingly even less so with the years. It is true that the total number of farms is growing less. It is also true that our farms tend to increase in acreage, but not to a

striking degree nor to a significant extent.

On the other hand, more and more the farm tends to become a strictly family affair. The "hired man" is fast becoming a disappearing species threatened with ultimate extinction like the dodo, the simple reason being that it is impossible out of the soil to pay him a wage commensurate with that offered him in a hundred other industries.

Now it does not appear that I have presented any very rosy picture of agricultural economic conditions as I see them. A city man might well ask, "These things being so, why in the world should any man continue to farm?" There are several more or less compelling reasons.

For one thing the farmer finds it hard to quit even if he would. The farm and its equipment commonly represent his capital—the entire savings of a lifetime. Even under the most favorable conditions farms do not constitute liquid assets, and in many regions in times like these they are almost without value. So in many cases the farmer is virtually tied to the soil like the villein of the Middle Ages. To stay and courageously hold

the fort is about the only thing that he can do.

Another reason is that, as a class, we are the most incurable of optimists. Deep in our hearts is the lure of chance. Ever we are beckoned on by the dream that we shall find the pot of gold at the end of the rainbow. Always we plant in faith and our reaping is in hope.

All of us sometime are sprung from a line of soil-tilling sires, and thus it comes to pass that, amid the roaring tumult of Times Square, men unconsciously feel the far-off, forgotten, ancestral urge and dream of green fields and of a time when they, too, will sit beneath their own vine and fig tree and eat the fruit of the toil of their own hands and feel a great content.

Just these years perhaps the farmer is having special troubles of his own. Perhaps he represents a sort of backwater in the forward rush of industry. Perhaps he has failed to seize his just share of the wealth and leisure of his time. But I am glad to believe that there are compensations and that the highest good of life is not expressed by the dollar sign.

Economy Reaches the States

By WILLIAM P. HELM, JR.

OUR 48 state governments, which have been suffering from high-tax fever since 1917, show faint signs of improvement. True, their tax temperature, recorded each year on the thermometer of the Census Bureau, is still rising but the rate at which it is going up has slowed down perceptibly. Indications are that a break is at hand.

In other words, the states seem to be following the example of the Federal Government at least to the extent of having reached a point where downward revision of their running expenses is possible.

Here are the significant facts:

Running expenses of the states in 1917 were \$517,000,000.

In 1922, they were \$1,280,000,000.

The increase during the five-year period averages almost 30 per cent a year. It started with a rush, reached its greatest velocity in 1918 or 1919, and thereafter, began to slow down.

Now with that figure in mind, let's look at the Census Bureau's latest figures. They show:

Running expenses in 1922, \$1,280,000,000.

Running expenses in 1923, \$1,310,000,000.

The rate of increase during the year was less than 2½ per cent.

So! An average annual increase of nearly 30 per cent between 1917 and 1922 has slowed down to an increase of 2½ per cent between 1922 and 1923.

What will the increase be in 1924? In 1925?

No Figures to Guide Us

THERE are no figures yet to guide us, but if surface indications are not misleading, the cost of conducting state affairs in 1924 will show no increase whatever over the 1923 cost. And the 1925 cost, which still lies largely in our own making, will show only a slight increase, if any at all, over 1924 figures.

That estimate is made with due consideration for heavy bond issues, authorized to an unusual degree at the fall elections in 1924. Much of the money thus realized will be spent in 1925 and will help swell the totals,

for the figures include all state spendings, whether the sums are raised by taxation or otherwise.

Coming to the next largest form of government—that of our big cities—a somewhat different state of affairs is disclosed by the census returns. And progressing from the big cities to the smaller ones, a still further condition is shown.

Expenses of the big cities, the census shows, also have abated the rapid rate of increase they enjoyed between 1917 and 1922. They are still going up fast enough, but the fever to spend evidently is running its course.

If the present trend is continued in the big cities, they will stand in 1928, or thereabouts, where the states stand today—on the verge of possible tax reduction. Here are the facts concerning 44 of our cities of 100,000 population or more, as disclosed by census returns:

Population, 1922, 18,895,158.

Cost of government, 1922, \$1,159,136,227.

Cost of government, 1923, \$1,227,640,306.

The rate of increase during the year was almost 6 per cent.

Now let us look at the smaller cities. To date, the Census Bureau has compiled returns from 106 of these communities, ranging in size from 30,000 to 100,000 inhabitants. Here is what the returns show:

Population of 106 smaller cities, 1922, 5,509,975.

Cost of government, 1922, \$242,508,989.

Cost of government, 1923, \$277,594,470.

The rate of increase during the year was almost 15 per cent.

Stepping-stones, these. Look at them:

Rate of increase in state costs, 2½ per cent.

Rate of increase in big-city costs, nearly 6 per cent.

Rate of increase in smaller-city costs, nearly 15 per cent.

There is almost a perfect geometric ratio in these figures. Big-city governmental costs, on the basis of incomplete returns, increased in 1923 at a rate about 2.4 times as great as the rate of increase in state costs; and the smaller cities' rate of increase is about 2.4

times as great as the rate of the larger cities.

At the base of the structure stands the Federal Government. Its costs in 1923 show a decrease from the 1922 figures. Thus we have the picture of the course which the spending fever followed in 1923 through our four main forms of government. It begins with a decrease in the case of the Federal Government, records a slight increase in the case of state governments, an appreciable increase in the case of big-city governments and a big increase in the case of small-city governments.

Apparently the process of lowering the cost of government is working its way down in order of size. Economy began with the big boy; the smaller ones are showing a tendency to fall in line in proportion to their respective sizes.

In Midst of Spending Spree

ACCORDING to these revealing figures, communities of 30,000 to 100,000 population are at the present time in the midst of their spending spree and, unless there is a change in the indicated tendency, they will not begin to reduce their costs for another seven or eight years.

The picture, shown for what it may be worth, is essentially one of groups, rather than individual commonwealths. Within each group, individual states or cities run counter to the trend.

Fifteen states, or one-third of the number canvassed, actually reduced their expenses in 1923, but the sum total of their reduction was more than offset by increases in the costs of the remaining states.

Eleven large cities reduced their expenses. That was 25 per cent of the total number, as compared with 33 1/3 per cent of the states. The other 75 per cent of the large cities, by increasing their costs, wiped out the reductions made by the 25 per cent, in considering the group as a whole.

But only 20 per cent of the smaller cities showed individual reductions in their governmental costs. The economy fashions haven't reached them yet, taking them as a whole.

Blankets for Head Hunters

And Why Not? Watches for Chinese, Too, and the United States to Sell Them

By G. A. O'REILLY

Vice-President, Irving Bank-Columbia Trust Company

THE GREAT commercial battle of the years to come will be fought in the Orient. Japan is the only oriental country in which the surface of business possibilities has been more than lightly scratched.

China, with its 400,000,000 of humans, each potentially a good worker, with its immense area, with natural resources almost incredibly great—China, when considered in terms of the possibility of future business development, may be looked upon as virgin territory, and this in spite of the fact of its great age and of a development during comparatively recent years which has resulted in the establishment in China of a number of the great industrial and commercial centers of the world.

India, too, although much more highly developed than China in some respects, still offers unlimited possibilities of business to occidental enterprise. Farther south, Java, Sumatra, Borneo, the Celebes and the Philippine Islands are rich fields for the future. The Philippine Archipelago alone, now supporting a population of approximately 11,000,000, could, with even a fair development of natural resources, easily support a population of 40,000,000 or 50,000,000. And other island groups are equally rich.

Not Standing Still

WE SHALL be able to get a true picture of oriental business possibilities only when we realize that the movement there is onward. There is only one Chinese Wall in the Orient, and even that has lost its obstructive significance and now serves principally as an attraction for tourists who visit it usually in modern American automobiles.

The East is not standing still but moving towards higher standards of development at as rapid a rate as is consistent with any reasonable theory of growth and progress. The millions of acres of agricultural land are becoming more and more productive.

Fisheries are being developed and mines opened and factories built, and methods of distribution improved, and, best of all, an active spread of information concerning western tastes and standards and methods is taking place. Areas of occidental influence are being created everywhere, and as time goes on and the limits of these areas approach each other, the prob-

lems of life and business in the Orient will become simpler and easier.

The hundreds of millions of orientals, who now mean so little to the world and to each other, all are potential consumers of American products. I can recall easily the time when, in Manila, the Filipino wearing white man's shoes was considered an object of suspicion. And I have a very distinct recollection of the time—it seems only a few years later—when some of my Filipino schoolboys wore gold-tipped shoe laces costing a dollar

a pair and more. In China, only a few years ago, watches and clocks were evidences of wealth and refinement. Now we are told that yearly thousands of American wrist watches are sold to Chinese of the coolie class.

Once, when stationed with the head hunters in the north country of the Philippines, I rolled up in a comfortable blanket and spent the night out under the stars at an elevation of 5,000-odd feet. It was cold, and in the morning I noticed that the savages, lying around me wrapped in the thinnest of cotton blankets, were shivering and shaking at a terrific rate. I commented upon the fact to the headman of the village. Said he: "But, sir, does not one always shake in one's sleep?"

Took Away the Shaking

I AM glad to add that, before I left that section, the introduction among the head hunters generally of woolen blankets had operated to deprive shaking in sleep of most of its traditional standing in the economy of the Orient generally. And so on through the products of western civilization are increasingly mandating a place. It may be that the housewife on the banks of the Ganges or up in the Cagayan Valley in the Philippines or on some bamboo-sheltered stream in Sarawak, instead of using a modern American electric washer, still washes the household linen against a partly submerged rock at the water's edge with her hand, and shoos away too terrifying crocodiles with the other.

But even she has learned in recent years that there is in the world such a thing as soap, and in her home, simple and impoverished though it may be, we probably could find a dozen articles suggesting the movement into even the out-of-the-way corners of the Orient of the products of western civilization.

So let us not underestimate the business possibilities of the Orient or the rate at which they are being developed. But let us not delude ourselves with any comfortable theory as to the ease with which results can be accomplished in that part of the world. We Americans, in our general make-up, are well suited to the purposes of commercial conquest in the East. We have the imagination, the resourcefulness, the tenacity, the adaptability, the skill in production



This native of the Orient needs a few yards of cloth and his wardrobe is complete. But his grandsons may require collars, neckties, wrist-watches, socks, shoes and fountain pens. The hundreds of millions of Orientals, who now mean so little to the world and to each other, all are potential consumers of American products.

and in distribution, peculiarly suited to that task; and above all, we have a sense of humor which mercifully serves to deaden the shocks which the white man must expect to encounter if he is to take the Oriental at all seriously.

And it is a great mistake—the greatest—for us to talk as we so frequently do about our “national limitations” in foreign trade and particularly in oriental trade. Overconfidence is dangerous, but the unmistakable facts of the case run directly contrary to most of our theories concerning defects in our commercial representatives and methods when compared with those of other countries.

Can't Beat Yankee Salesman

WE HAVE been told at foreign-trade meetings time and again that the great difficulty with our foreign trade is that we do not send abroad sufficiently skillful sales representatives. It happens that I have had opportunity to observe sales methods in most of the greater foreign markets in which American goods have been established. And I am convinced that the American salesman is able to run circles around the best of his foreign competitors.

It may be that he is not fully appreciated at home and not properly backed in his efforts, but he is the real salesman of them all. We have been told, too, that our American banking facilities in foreign trade fall far short of those provided by the banks of other countries. And still, we find great foreign bankers of England, of France, of Germany, of Italy, frequently warning their people of the danger represented to their interests by the clever and audacious banking methods of the United States.

How shall we deal with the Oriental whom we cannot understand? The answer is to be found in this suggestion: Play safe, leave mysteries alone and stick to facts. In our American words, get down to the brass tacks of the situation. Take the Oriental as he is, not as we would have him. If, in our business dealings with him, we encounter difficulties which refuse to yield, go around them instead of driving into them uselessly.

If we cannot meet him upon his own ground, let us try to make him meet us upon ours. Or perhaps there may be some mutually agreeable middle ground which will serve all necessary purposes of a meeting place and a working basis. Being Americans and constructed as we are, we naturally will take a sporting chance once in a while, but essentially we must play safe.

Takes the Joy Out of Life

WE MUST always remember that in business it is the net which counts, and this whether in Calcutta or St. Louis. If this net represents profit, and upon a fairly liberal basis, it is good business. If it represents loss, and upon any imaginable basis, it is bad business. And bad business, as a continuing thing, occupies the front rank among means whereby the joy can be taken out of life. And this is particularly true of a bad business enterprise in some foreign land.

It is hard enough to go broke around home where people will understand, but business disaster in someone else's country where people do not understand and have no desire to understand, carries with it a quality of terrible known only to him who has taken business chances away from home.

The American business man, the investor, in approaching the oriental problem, can choose between two methods of procedure. He can endeavor to secure a sufficient understanding of the Orient and the Oriental and of

oriental methods and processes of thought to form the basis of safe and successful business operation. Or, he can bring with him into the Orient sufficient of methods and safety devices from his own country and business practice to form the basis of a safe and continuing business success.

In other words, he can attempt the practical impossibility of solving the Oriental and beating him at his own game, or he may insure success by basing his operations upon fundamentals which can be applied to business in the Occident or the Orient, or, I imagine, on Mars or Jupiter.

This point is of such importance in my discussion that I am particularly anxious to impress it upon you. Let me use an extreme and somewhat crude illustration. Let me say that the position of the occidental business man, when engaging in oriental enterprise, bears some resemblance to that of the peaceful, law-abiding member of society who, for one reason or another, finds it necessary or desirable to enter a place in which serious danger is to be encountered. He has a choice between two methods: He can go in and base his success in coming out entirely upon his cleverness and powers of persuasion, or he may carry a six-gun or a large, healthy club. Both methods have been tried, with results which, I am convinced, are decidedly in favor of the latter.

Not a Dangerous Person

PLEASE do not misunderstand me; I have no intention of reflecting upon the Oriental or referring to him as a bad or dangerous person. As a matter of fact, he is neither, but essentially an observer of law and of the conventions. Even the head hunter, apart from his little affairs with members of neighboring but not neighborly tribes, is a very decent sort. Rarely have I felt as safe in highly civilized New York as when traveling in the mountains among these tribes. I suppose the real point is that they had no particular use for my head in detached form. While in New York, I have never been altogether clear on this point.

But the Oriental is difficult to understand and at times trying. Human nature is not “the same the world over”—at least, not in its outward manifestations. The Oriental, in his essential processes, begins at a point well removed from the point at which we begin. He proceeds through channels frequently entirely unfamiliar to us, and the conclusions he reaches are often incomprehensible, according to our standards.

If, in particular cases, we succeed in understanding him, that is just so much to be credited to our account as “velvet.” But in all other cases—and they will be in the overwhelming majority—we must depend for our success upon something, some method, some system, some expedient more soundly based, more carefully attuned to the needs and principles of successful business than anything we may hope to find in the inscrutable East.

This idea is not new in business dealings with the Orient, but old, very old. For years it has found definite expression in the added precautions employed by occidental countries in their Far Eastern trade. These precautions naturally are most noticeable in credit practice.

For practical purposes, we may say that the Open Account is unknown. In the main—and this covers Japan, China, India, the Dutch East Indies, the Philippines, indeed practically the entire Orient—the risk assumed by the foreign shipper is confined to delivery of the goods in the oriental port, to be

released upon payment; in trade terms the “D.P.” method.

In certain cases the goods are released upon acceptance of the draft by the consignee—“D. A. terms”—but the employment of these terms suggests a departure and a somewhat unusual concession to the particular oriental concern. It means that this concern is so powerful and so well established and so thoroughly versed in occidental business methods and standards as to represent safety and understandableness in a general business atmosphere neither safe nor understandable.

And if at any time your bankers should notice any unusual increase in the volume of these “D.A.” Far Eastern bills presented for discount, they may consistently assume that new people are going in to export or that some of the old-timers are developing poor memories.

Respects Good Business

AND THESE extra precautions constitute no necessary reflection upon the honesty of the oriental business man—he is honest or otherwise like other people—but rather an institutionalized recognition of the fact that in the Far East things are not as they seem. And the oriental business man does not mind. He is not overly credulous himself and respects safe business methods in those with whom he deals. He is not nearly so sensitive as the tourist and writer would make him out to be.

He objects to roughneck tactics but not to plain talk. He knows that we Americans are a plain-speaking lot and expects nothing else from us. He likes our goods and likes our business methods. He may even like us ourselves, but you never can tell—because, in the Far East, things are not as they seem.

Makes Land Pay

IRA PLACE is one of the most successful farmers in the world. That is one way of looking at it.

Give a farmer land worth two hundred dollars an acre and it taxes ingenuity to make the land work hard enough to earn its keep. Cultivate it intensively the experts advise.

There was a gaping, black, fan-shaped hole in the bird's-eye view of New York, at a point where, within the memory of men now living, farm houses stood.

Millions of commuters and travelers came in through this “fan” to Grand Central Station; and each of them would have said unsightly railway yards in the hearts of cities are inevitable.

But the New York Central had different ideas. It put down two levels of tracks; commuters' trains below and through trains above. Then, because this was very expensive farm land, it sold what was left.

Sold it? Well, practically that—the leases are so long. Huge stilts were built, extending down to bed-rock; and without even owning a foundation, a cellar, or so much as a morsel of soil, men of vision began erecting buildings costing millions.

One of New York's newest luxury hotels pays over a quarter of a million a year for the right to perch over rather less than an acre—on stilts. Great office buildings and some of the most expensive apartment houses and hotels in the world now reach sixteen stories and more toward the skies in an unbroken line of magnificence up Park Avenue, where once was a black pit of trackage.

Ira Place, who is “vice-president in charge of the terminal,” cultivated his land intensively. Some say he sold “air rights”; but this is the area of Thrice Used Land.—E. C. R.

Shipping Waste and Shipping Too Far

The Sixth and Last of a Series of Articles on Waste in Distribution

By IRVING S. PAULL

Formerly Chief of Domestic Commerce Division, U. S. Bureau of Foreign and Domestic Commerce

JOHN EWING could not tolerate idleness, so he bought a wagonload of cobblestone and a wheelbarrow. After his hired man had wheeled the stone to a designated spot, John directed him to move it across the lot. No sooner had this been done than he ordered it moved back.

"Why, I just moved it from there," complained the hired man.

"I know it," said John, "but there's nothing else for you to do and I can't afford to pay you wages for doing nothing."

That concerned only John Ewing and his hired man, but when we find the same thing taking place in the distribution of essential commodities, at our expense, we are inclined to demand that the practice be discontinued. Activity that adds nothing to value, or service, is an unnecessary waste for which we pay in the purchase price of too many of our necessities.

Adds to Cost of Living

MANY of the materials and much of the foodstuff we consume are hauled unnecessary distances and handled too many times, by an unnecessary number of people. It is a useless element in our cost of living, which adds much to the cost and nothing to the value.

Chicago, which is served by twenty-seven trunk-line railroads and several boat lines, is an extreme example of wasteful activity in the distribution of fruits and vegetables, as well as some of the other foodstuffs and materials for conversion.

As a heritage from the days when it was a waterside village, Chicago has a wholesale district occupying some five or six blocks in South Water Street—a narrow thoroughfare, into which most of the perishable foodstuffs must be hauled distances of 4 blocks to 2 miles.

Without first-rate facilities of ingress or egress, this wholesale district is located in the most congested section of the city. Into this maelstrom of traffic the retailers and jobbers are compelled to go for the daily supplies of their customers. Mingling with the throng of distributors' vehicles are the trucks to and from the scattered

terminals, bringing in new supplies and hauling out shipments for redistribution to the surrounding countryside communities.

No small part of the products is hauled back over the same rough streets, through the same crowded thoroughfares, to the same congested terminals from which they were earlier taken.

Tax of Wasteful Expense

CHICAGO is doing away with South Water Street as a marketplace for perishables, but the basic problem is not solved by transferring the wholesale district to another location. As long as products have to be hauled from scattered terminals into a wholesale district and hauled out for redistribution, retail food bills are going to carry a tax of wasteful expense.

While the situation is somewhat different in New York City, the effect is only slightly better than in Chicago. Few railroads have terminals in New York City; therefore, practically all of the perishables arriving by rail or water are delivered on to docks controlled by different carriers. Wholesale markets are established on many of these docks, so that products are sold at the terminal, but there is no common use of docks, and distributors must travel from one dock to another to secure different commodities.

For instance, barreled apples to meet with

favorable sale must arrive at the New York Central dock. On the contrary, boxed apples must arrive at the Erie dock. In similar manner must other products be offered in their accustomed place. The energy-consuming, time-wasting process of traveling from dock to dock to secure supplies is no inconsiderable item in New York's food bill.

To a greater or less degree, other metropolitan centers and many of the smaller cities support wasteful and needless hauling and handling, which are a direct tax on the food costs of the consumers residing within their environs. The cumulative cost of the present waste greatly exceeds the cost of joint terminal wholesale facilities. These facilities will be paid for in waste over and over again until such time as they are established.

The Ultimate Solution

THE physical difficulties and the staggering cost of establishing joint terminal wholesale facilities for supplying the great populations of the cities and for the redistribution to the surrounding communities, hold back such projects, but ultimately they will be established and thereafter pay for themselves over and over again in economy and saving of waste of products, time, energy and money.

A national survey of our distributive situation would show that we move too great a percentage of our products into too few centers for assembling and redistribution.

We have an average of more than \$1,000,000,000 worth of products, materials and merchandise constantly in transit. The total volume makes an average journey of 326 miles and is in transit an average of five days.

It is impossible to estimate how much of this huge volume is making an unnecessary journey. But we are sure that it is too much. There is a definite percentage which should never go on the rails, because mere shipment contributes no value to a commodity which is not useful after it is received.

The cost of transporting ungraded products to market, there to be graded and a portion to be eliminated, is one of the most waste-



A maelstrom of traffic in the most congested section of Chicago—a heritage from the days when Chicago was a waterside village. Every pound of produce moved an unnecessary distance and every pound of waste sent to market is a direct charge against our cost of living

ful practices in our present distribution. The unacceptable portion of the shipment contributes to the total receipts and is part of the volume that creates surplus.

The vast waste of perishable products resulting from congestion beyond current consuming capacity of markets is a burden upon the producer who loses his product, the railroad companies which pay claims for losses, and upon the consumer who must ultimately pay the bill. While there are surplus shipments in some centers, there are shortages in others. There is no unified system by which the consuming public can be served in proportion to its current needs.

Sending Oranges to Market

SEVERAL thousand small communities are unable to secure grapefruit and oranges regularly and some not at all, while growers in Florida and California need markets for their increasing production. In 1923-1924 season, 140 separate and unrelated agencies in Florida were endeavoring to sell the surplus crop of citrus fruit of that state.

Without definite knowledge of markets, nor how many carloads were rolling toward terminals, shippers were constantly loading cars for offering in the already congested centers. That some of them did not secure a price sufficient to pay the cost of transportation does not mean that there was no market to take the entire output, if it were marketed in an orderly way to supply all consumers who wanted the fruit.

A unified system of refrigerator-car distribution, operating in a manner similar to the routing of the meat-packers' cars, could carry fruit and vegetables and other merchandise into every community in the United States and supply several million people with unaccustomed satisfaction. At the same time it would make accessible new and needed markets to producers. As long as there is a community which cannot obtain the products its residents desire and a single producer has the desired product we shall have an inefficient and wasteful distribution.

During the last harvest, sandwiches were served in a wheatfield. The loaves from which they were sliced had been baked in a

plant 400 miles away. It seemed probable that some of the wheat from which the flour was ground had been grown in the vicinity in which the bread was eaten.

The price of the bread included the cost of transporting the wheat to the terminal market and the bread back to the source of the wheat, but the farmer's wife could save time and expense by letting a bakery 400 miles away, with the efficiency and economy of mass production, do the work for her.

The fact that the bread could be economically distributed to scattered communities of small population over such a long distance serves as an example of possible achievements with modern facilities.

There is a distinction between moving bread 400 miles to a consumer and moving waste matter in wheat 400 miles to a terminal market. There are the same practical reasons for reducing agricultural products to acceptable grades at the farm, or in the locality in which they are produced, as there is for extracting foreign matter from coal before it is loaded on cars at the mines.

Every pound of waste or unsaleable commodity moved from its source and every pound of product moved an unnecessary distance is a direct charge against our cost of living. The money consumed in paying for such waste would not only support productive effort but add to our comfort and satisfaction of living.

Not Only Foods Are Wasted

THE WASTE is not confined to foodstuffs.

A large percentage of the cotton growers of the country come into local market with job lots of ungraded and unsponsored commodity, which must be moved into a primary market for preparation and grading. More than 600 kinds, grades and varieties of cotton are produced, while the commercial demand is for approximately 32 grades and subgrades. In other words, the whole conglomerate mass of cotton crop must be refined, graded, prepared and reduced to the commercial requirements after it leaves the locality in which it is grown.

The Department of Agriculture is cooperating with cotton producers to establish

in each community the grade best adapted to soil and climate in that particular section and at the same time to approximate, as nearly as possible, the most desirable commercial grades. The effect of such effort is to produce a more nearly standard material in sufficient volume to move more directly from its source to the place of manufacture.

That Washington and Oregon apples move through orchards close to market to enter New York and other markets is a reflection of the wisdom of raising products to meet the requirements of discriminating consumers in far-off places. By selecting and shipping only desirable products and offering them in the most acceptable form, the orchardists of the northwest establish a standard for all growers.

Poor Packing Boosts Losses

THERE is also much to be said about the wastes that result from improper packing of perishable products and improper carloading. One of the most noticeable is in the exposure of cotton to the elements after ginning. Cotton is frequently thrown into the gin yard where it becomes weatherbeaten to the depth of 2 or 3 inches on each edge. Not only does weatherbeaten cotton lose value in market, but the outside plates have to be taken or the price discounted for the discolored and damaged material.

It has been estimated that the "country damage" has run as high as \$75,000,000 in a single year. Poor baling and resultant sampling have been estimated as high as \$25,000,000 in a year. These two items do not cover the wastes resulting from indifferent storage, careless wrapping, wasteful sampling, lack of grading and lack of regard for this important and valuable crop. An estimate of the combined avoidable wastes in one year totaled \$171,000,000.

There are wastes at each step throughout the processes of distribution, but perhaps the greatest burden is the waste that attaches to raw materials. Each element of waste which is included in the price of materials to the manufacturer creates a higher basic cost of the finished products into which they are converted. There is cumulative waste.

The Public's the Boss—Please Him!

By M. S. SLOAN

President, Brooklyn Edison Company

WHY DOES so large a part of the public look upon the public utilities with suspicion? What underlies the cry for government ownership of lighting companies and street-car lines and railroads?

The fundamental question between government operation and private operation under government regulation is being answered by the facts. Government ownership and operation of public utilities has failed.

It has failed in Europe, where war-torn countries, employing every effort to reduce expenses and increase the efficiency of every part of their economic machinery, have rid themselves or are trying to rid themselves of government-operated railroads, telephones, electric systems. It has failed in scores—even hundreds—of instances here in the United States.

The problem to me is not whether there should be this change. It is first to find out why there should be any demand for such a change and then to decide how best to meet it.

Whenever there is a long-continued and general agitation for a change in something which is settled and apparently successful, it is evidence, I believe, that there is something wrong, somewhere. The error may be in the condition agitated against. It may be in the agitators. It may be in both.

Let us first look at the public utilities themselves. Why the suspicion and the antagonism toward them?

I believe it exists because the electrical industry, notwithstanding all its progress, all its very contribution to the betterment of human life, has not made friends of the public. It has not thoroughly and completely taken the public into its confidence.

It has not told the public over and over again the basic economic facts behind the operations of the industry. It has apparently been content only to sell electrical service and not to "sell itself."

Electrical service in the United States is the best, broadly speaking, in the whole world.

It has behind it a tremendous aggregation of scientific, technical and financial resources. Electricity here is furnished cheaper and is used more than anywhere else.

Yet we have neglected an equally important thing—one which now, I believe, is the most important side of our business. That is called public relations. I think a better name for it would be "human relations."

Public utilities need the confidence, the good will, the active approval and support, of the general public more than any other business. They are chartered to serve the public. They hold franchises granting the use of public property in order that they may serve the public. If there is a widespread feeling that they are not properly and fully serving the public—and we know there is such a feeling—all the things we are so proud of are built on a crumbling foundation.

The public utilities in general, and the electrical industry in particular, have not made friends of the public. It isn't that we

as companies or as an industry have been unfriendly or have wanted even to seem unfriendly. The job of furnishing service has been so big that we've given all our energies to that, forgetting that the public is our boss and as our boss is entitled to know what we're doing, and how, and why. We haven't been reporting. Consequently our boss sees certain results but doesn't understand just what they represent and what they mean.

Now our boss, the public, is a busy person, with a good many interests and cares other than this particular job of ours. The public can't be expected to sit up nights endeavoring to find out how a public utility is fulfilling the responsibilities of its public trust. That is the "why" of the existing dissatisfaction with the utilities. That is what lies behind every complaint from the individual customer's misunderstanding of a bill to the agitation for government ownership and operation of utilities.

Now what can be done about it?

In a Human Way

THE answer is to get right with the public, to take up the human relations in a human way, to make the public *know* that we want friendly relations, based on a community of interests and on mutual dependence, mutual duties, mutual obligations.

If I, as an individual, want to make a friend of some person, I don't stand off in a corner waiting for him to make all the advances. Neither do I walk toward him with a chip on my shoulder.

Rather, I put myself out to be agreeable, to find topics of common interest for discussion, to discover ways in which I can oblige him or be of service to him.

Now public utilities are organizations of human beings, and the public is made up of human beings. Is there any reason why the same attitude on the part of utilities toward the public shouldn't work out in the same way?

First there must be a company policy, and even broader than the company policy, an industry policy which shall permeate it from top to bottom, a policy and a spirit which recognize that the utility can prosper only as it places the welfare of the entire public ahead of the welfare of that part of the public to which it is responsible through ownership of the company.

Then, in that spirit, it will remain for the utilities to establish the necessary friendly contact with the public and maintain it. This depends on every person in the employ of a company, from the top to the bottom. No one person is responsible.

The chief executive may lay out policies and dictate codes of practice; but if those break down somewhere along the line, cordial human relations are not attained. The

company employees with whom the public comes into contact may be as courteous and helpful as possible; but if those policies which emanate from the executives are not conceived in the broad, full spirit of service, the result is negative.

This matter of contact with the public is one to which in recent years a great deal of study has been given by the electrical industry and by its state and national associations. The necessity for establishing and maintaining friendly human relations with the public is thoroughly recognized, and today it is the policy of most companies to further and pay particular attention to phases of activity which will bring the public and the utilities together.

Electrical utilities have at their disposal



Let one of these car-riders become dissatisfied and a genuine problem in public relations is created for the utility company. If one person feels he has a grievance and the matter is not adjusted properly, he tells ten others that the company is no good and the impression spreads.

the same agencies for reaching the public with their story which every other business has—the same agencies, in fact, which are used against them by their critics, the theorists who see merit in a change of system of operation, and the demagogues who think they see political advantage in assailing the owners and operators of utility properties.

Publicity Is the Answer

THESE all sum up in the word publicity:

Publicity—through the innumerable daily contacts of the employees of the companies, employees who should be trained to know what the business means as well as what it does, trained and expected to believe in it wholeheartedly because it deserves to be believed in, and to resent misunderstanding of it as misunderstanding of a big and fine and valuable public servant.

Publicity—through the columns of the newspapers, which are just as ready and willing to print good news about the companies and the industry as bad news or attacks, always provided what is furnished to them is news as they know news, not as we think it should be.

Publicity through appearances of company officials and company employees before all kinds and conditions of organized groups of the public, to tell the story of the utilities and to make clear its meaning in terms of service and value to the public.

Publicity through moving pictures exhibited before clubs and associations and in the schools.

Publicity through paid advertising—one of the most important and valuable and also least expensive mediums of communication with the great general public which exist today.

Such means of reaching the public are being employed now, and gradually the effect of this attitude, which is quite different from the attitude of the industry a few years ago,

is becoming apparent. There is much less misunderstanding of the utilities, much less antagonism toward them, than there was a few years ago. That does not imply that there should be a lessening of effort. The moment there is any slackening of the care with which we maintain our physical property, or any let-down in the morale of our organizations, that moment our position in the community suffers.

Can't Stand Still

THAT is true in a vastly greater degree in this matter of human relations with the public. The moment this industry begins to stand still it will actually begin to go backward. The moment our industry or any of its companies lets the highly important work of cultivating the friendship of the public slacken, that moment it will begin to lose whatever has been gained in good-will.

Friendship, that finest of human relations, can be destroyed by indifference; and it can be damaged by small things, trivial things.

I have heard it said, and I believe, that one dissatisfied customer in a block can create for a public utility a genuine problem in public relations. If one customer feels he has a grievance because of his treatment at the office, and the matter is not adjusted in a fashion which commends itself to his reason, he tells ten others that the company is no good, and the impression spreads.

It does not take much of that kind of feeling in a community to place the utility on the defensive, and the defensive is no position for a public utility to occupy if it is seeking cordial human relations with its public.

If the public utilities industry is honest and decent and the public is fair and reasonable—and I believe both of those things are true—then the existence of misunderstandings and cross-purposes between the industry and the public must be due to a lack of the proper exchange of information and the proper adjustment of relations between them.

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Help or Money Wanted?

By KENNETH COOLBAUGH

A PROSPEROUS-LOOKING individual breezed into the offices of a northern seaboard newspaper.

At the want-ad desk he handed a young woman clerk a slip of paper. "I would like to have these ads in tomorrow's issue," he smiled. That employee scanned the copy carefully and then took it to the chief clerk of the help-wanted department who, after giving it the twice over, came forward.

"These ads of yours," he remarked, addressing his visitor, "call for a good many people. Have you a strike or any labor trouble on your hands?"

"No trouble of any kind," the caller responded readily. "We have just completed a new hotel in Miami, and I am up here to get together the men and women to run it. The help question is a pretty serious one down there at this time owing to the heavy influx of winter tourists. Aside from that, it's our policy to secure help from out of town rather than locally. Northern service for northern patrons is one of our mottos. Here are my credentials and several papers which will identify me if you care to look them over."

His Card Was Engraved

THE NEWSPAPER man examined them. They included an engraved card designating his caller as "Assistant Manager, Seaspray Hotel, Miami, Fla.," and a To-Whom-It-May-Concern letter, signed by the manager of the hostelry, introducing him in that capacity and setting forth the object of his mission. Also a telegram from the manager urging him to hurry along his shipment of help in order that the hotel might open for business on the date advertised.

The next morning, Sunday, this advertisement graced the male help-wanted columns:

Hotel in Florida. Just completed. Steward, cooks, waiters, bellboys, room and mail clerks, engineer and electrician, elevator operators. White only. See Mr. Sharp, Monday and Tuesday, Suite 609, Zenith Hotel.

The female-help-wanted columns carried a similar advertisement for floor clerks, linen-room attendants, housekeeper and assistants, chambermaids, bookkeepers and ledger clerks.

On Monday and Tuesday Mr. Sharp interviewed approximately 250 applicants for these positions and others which he had not before disclosed. A canny employment interviewer, had he been present, would have marked the fact that Mr. Sharp was not at all particular as to the type and character of the men and women he employed; that he engaged them with little or no regard for their experience or appearance; that he was not what the trade would term a close buyer when it came to thrashing out the problem of wages; also, that although he had a front-office knowledge of the hotel business he was not very enlightening in his answers to questions about shifts, working hours, the furnishing and cost of uniforms, the culinary equipment and to the score or more of inquiries directed at him when he interviewed the men and women who came to him.

Small details such as employing more headwaiters than waiters never provoked an eye-tremor.

"We won't haggle over details." "We need first-class help in a hurry and expect to pay the top of the market for it." "We will iron

out the wrinkles later," were a few of his window exhibits.

By six o'clock Tuesday evening he had signed up fifty-six men and women who promised to meet him with bag and baggage at his hotel Wednesday morning at ten, prepared to make the trip south.

They were all there. All but Mr. Sharp, who had packed his kit and checked out the night before with over a thousand dollars wheedled from them by the promise of securing their railroad tickets at a reduced rate. In exchange for their dollars and their hopes he had presented each with an imposing contract of employment formally acknowledging the receipt of this advance, which was to be refunded when thirty days of service in the new position had been completed.

As further evidence of a liberal labor policy he had also inserted a clause providing for return transportation in April at the expense of the management.

It has all been simple enough, as artless as forged credentials, a good front and man's glibbie nature could make it.

"There may be a more contemptible form of swindling than robbing the unemployed," the manager of the Classified Advertising Department of a great metropolitan daily recently said to me. "But if there is it has escaped me in twenty-odd years of newspaper work."

"Regardless of how painstaking we are these sharks ply their trade. Every day in every large city they are on the job of fleecing the jobless. It is a business as profitable, while it lasts, as bootlegging, stealing cars or stickup work. Their quarry is the jobless man or woman with money. They don't discriminate, and, like the chronic borrower, if they can't get fifty they take five."

Not Only the Unwise Fall

AND AN interesting sidelight to me," he went on, "is that not infrequently people of pronounced intelligence are their dupes just as in the get-rich-quick sphere of investment. It is not hard to understand, though, for a job to most of us is the biggest thing on our horizon, and what is more reasonable than that we should be willing and anxious to spend money in order to earn money."

"But the tragic phase is that these men and women often hand over their last dollars. Some have told me that they borrowed anywhere from a dollar to several hundred in order to rivet down, as they thought, the one opportunity in a lifetime."

"I had a young woman come into my office not long ago. She was far above the average in bearing and intelligence. She had answered a very commonplace ad for a stenographer. We run well over three thousand ads of that classification alone in a year's time. There was not a word in the ad which should have placed either a reader or us on guard. In checking it up later I found that it had come to us over the desk like hundreds of others in the day's business, paid for at once and a key number for replies assigned to it. The records showed that three days after the ad first appeared twelve letters were turned over to the man who inserted it and that he called but once to collect them."

"He had written the young woman asking her to call for an interview at one of the city's first-flight hotels which he had given as his

temporary address when filing the ad. In such instances we assume that the advertiser has come from out of town to secure the help he is unable to get locally."

"She went. For an hour or more they talked in one of the hotel parlors. He questioned her thoroughly and, after apparently satisfying himself that she could fill the bill, he explained the position."

"As sales agent for a nationally advertised household utensil he needed a private secretary to handle office details which included cash receipts running as high as five hundred dollars a day turned in by the sales force under him."

"The job was in New York. The fact that a New York employer seldom has to look elsewhere for office help should have warned her. However! As board-and-living costs were higher there it would pay \$200 a month; more later. Could she furnish bond for \$500? She said there would be no trouble on that score, as she had been bonded on her last job. He flashed a sad smile. It would have to be a cash bond, he told her, although if she quit, the sum would, of course, be returned to her."

"He had had several unfortunate experiences with bonding companies, and he was through with them. He was sorry, but unless she could meet his terms the interview was at an end."

"Why waste time telling about it?" he concluded. "Next day she handed him three hundred dollars. She gave it eagerly. He took it reluctantly. The slick ones always do. All she had when she came to me was a letter of introduction to the company's New York offices which he had dictated in her presence to a public stenographer in the hotel. He had to stay in town, he told her, to get together a crew of canvassers. He was paged a couple of times while she was with him. Atmosphere stuff, of course. He returned a little over five dollars with a flourish to her for carfare to New York where she went the same day. That's the last she ever saw of him. Did he have credentials? Sure, he did. They all do."

"Boggs Is My Name, Sir"

THE PROBLEMS are the same that all of us who are engaged in employment work face daily. Sometimes through necessity, but more frequently through our desire for rapid-fire results, we take too much on faith. I recall a particularly sultry August morning when my desk phone rang and a voice like a prison chaplain's tuned in:

"Boggs is my name, sir; J. Newton Boggs, of Los Angeles. I am very much in need of a chauffeur, and they tell me at my hotel that you can probably help me. The man I have had for years is sick and is unable to make the trip back to the coast with Mrs. Boggs and me. Just what is the procedure I should follow, sir?"

I suggested that he come to my office later in the day, when we would have a prospective candidate or two for him to handle. He came at the appointed hour. I still recall how insistent he was in the matter of references. The man he finally selected had the best. Neither of us, though, thought to ask Mr. Boggs for his. As they left I envied the new chauffeur; winter in the offing, California-bound and \$150 a month and all expenses

paid. Several hours later I was turning my desk calendar for another day when he strode in, war in his eye:

"That fellow Boggs! He frisked me proper. Has he been here?" He flopped into a chair: "I thought not."

Then a moment later with a that's-the-tooth-doc expression he deflated:

"We had no sooner left here than he said he had forgot to mention the fact that his wife wanted me to wear a uniform and said if I would buy one he would offset the expense by raising my salary to \$160.

"He said something about that showing them that I was serious about sticking to the job. That struck me as fair enough so I said we had better get it at once as he

wanted to see the cloth and fit so he could tell his wife they were O.K. He couldn't wait to have it made to order, so I went to my bank and drew out \$75 and met him an hour later in the men's clothing department at Blatt's. We got just what he wanted at \$60.

"I counted out the bills while the salesman was boxing it. All of a sudden he took the money off the counter: 'Wait a minute,' he said, 'you have no objection to my saving you twenty-five or thirty dollars, have you?' I just happened to remember an old friend who is credit manager of Blitts' across the street; a classmate of mine at college; I haven't seen him for years. Let's try our luck there."

"We beat it before the salesman got back.

When I stepped out of the elevator on the street floor I looked around for Boggs. I ain't seen him since."

And so they come and go, the dupes and the jobs that might have been. At times they work in pairs, these mulcters of the unemployed, one posing as an affluent employer, usually from out of town, the other as his agent whom he has commissioned to select desirable prospects and who, after extracting a fee for his services, refers them to his fellow harpy to be interviewed and, of course, invariably employed.

Always the victims are to start work at a time sufficiently distant to permit both to pluck what they can and effect a get-away before the storm breaks.

Trade Association Statistics Lawful

MAPLE flooring and cement on June 1, 1925, gave the titles to Supreme Court decisions that are both corrective and supplementary to the Hardwood case of December, 1921, and the Linseed case of 1923.

As the Supreme Court reiterated on June 1, "each case arising under the Sherman Act must be determined upon the particular facts disclosed by the record," and the Supreme Court's opinion in each case must be read in the light of the exact facts.

Nevertheless, the language used by a majority of the Supreme Court in deciding the Hardwood case caused a great deal of misunderstanding. Addressing the Attorney General a month afterward, the Secretary of Commerce characterized "the situation regarding the activities of legitimate trade associations" as "more disturbing" than at any time since he had begun to consider the subject.

In the Public Interest

IN 1923 the Department of Commerce got out a volume of three hundred pages and more in an endeavor to create a better understanding of the functions of trade associations which are properly in the public interest; the Department declared that "the vast majority of associations are engaged in activities which are constructive and are of public usefulness" and should be encouraged.

Soon after the Hardwood case was decided, the Chamber of Commerce of the United States also took up the situation. A representative committee surveyed the activities of trade associations and, after recording a great variety the general benefit of which no one could very well challenge, went straight to the subject of statistics. The committee expressed the view that trade associations should be able to collect statistics of capacity, production, stocks, sales, and prices received in closed transactions, and that trade associations should make such statistics as available to the public and government officials as to their own members.

Such statistical activities, the committee said, it was confident "not only do not run in contravention of laws respecting restraints of trade but actively encourage and develop trade." The committee's point of view was overwhelmingly supported by the organizations in the Chamber's membership, to which the report was submitted for a referendum vote.

The Chamber has since sought to have its position clearly understood in the hope that an authoritative statement might be forthcoming to make it clear that statistics of the sort the Chamber stood for are not unlawful. Failing such a statement, the Chamber would probably have made appeal to Congress.

That statement has now been made, but by the Supreme Court, and not by an administrative official. In the Maple-Flooring case the Supreme Court on June 1 declared:

"Trade associations . . . which openly and fairly gather and disseminate information as to the cost of their product, the volume of production, the actual price which the product has brought in past transactions, stocks of merchandise on hand, approximate cost of transportation from the principal point of shipment to the points of consumption . . . do not thereby engage in unlawful restraint of commerce." That declaration plainly draws the line between statistics and the abuse of statistics.

Commenting upon the decision the Secretary of Commerce says for his Department: "Our understanding of the distinction is that, while brickbats can be used to commit murder, it is not necessary to prohibit the construction of brick houses in order to prevent murder. Anybody about to enter into a conspiracy in restraint of trade naturally uses figures and statistics but this does not imply that statistics are responsible for such conspiracies."

The Attorney General's interpretation of the effect of the cases is very similar. He thinks there is now a clear definition of the law by which trade associations can govern themselves. "These decisions," he says, "make it plain that the mere collection and dissemination by a trade association of statistics relating to prices on past transactions, production, stocks in hand, and sales is not in and of itself illegal."

The Purpose of the Law

THE MAJORITY of the Supreme Court speaking by Mr. Justice Stone puts it thus:

It is not the purpose or the intent of the Sherman Anti-Trust Law to inhibit the intelligent conduct of business operations, nor do we conceive that its purpose was to suppress such influences as might affect the operations of interstate commerce through the application to them of the individual intelligence of those engaged in commerce, enlightened by accurate information as to the essential elements of the economics of a trade or business, however gathered or disseminated. . . . The Sherman Law neither repeals economic laws nor prohibits the gathering and dissemination of information. . . . The cost of production and prompt information as to the cost of transportation are legitimate subjects of enquiry and knowledge in any industry. So likewise is the production of the commodity in that industry, the aggregate surplus stock, and the prices at which the commodity has actually been sold in the usual course of business. . . . Free competition means a free and open market among both buyers and sellers for the sale and distribution of commodities. Competition does

not become less free merely because the conduct of commercial operations becomes more intelligent through the free distribution of knowledge of all the essential factors entering into the commercial transaction. General knowledge that there is an accumulation of surplus of any market commodity would undoubtedly tend to diminish production, but the dissemination of that information cannot in itself be said to be a restraint upon commerce in any legal sense. The manufacturer is free to produce, but prudence and business foresight based on that knowledge influence free choice in favor of more limited production. Restraint upon free competition begins when improper use is made of that information through any concerted action which operates to restrain the freedom of action of those who buy and sell.

Doesn't Mean Violation

THAT is the distinction, according to the doctrine now laid down by the Supreme Court. Bona fide collection of statistics of the sort it had before it and their dissemination to the public as well as to the members of the association does not mean, without more, that there is a violation of the Sherman Act. If the statistics are made the basis of an agreement, however—or, to quote the Court itself:

We realize that such information gathered and disseminated among the members of a trade or business may be the basis of agreement or concerted action to lessen production arbitrarily or to raise prices beyond the levels of production and price which would prevail if no such agreement or concerted action ensued, and those engaged in commerce were left free to base individual initiative on full information of the essential elements of their business. Such concerted action constitutes a restraint of commerce and is illegal.

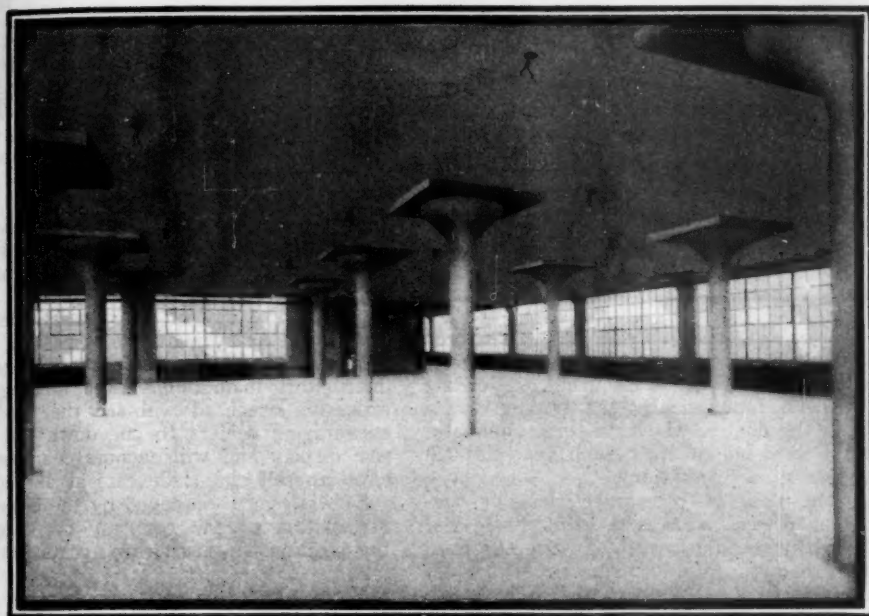
For this reason, the Supreme Court said that the Hardwood and Linseed cases were correctly decided, on the ground that in each of them there was evidence of concerted action to misuse statistics.

The Cement case the Supreme Court found was generally like the Maple-Flooring case, but with two added features. Both were activities by the association to enable members to protect themselves against fraud.

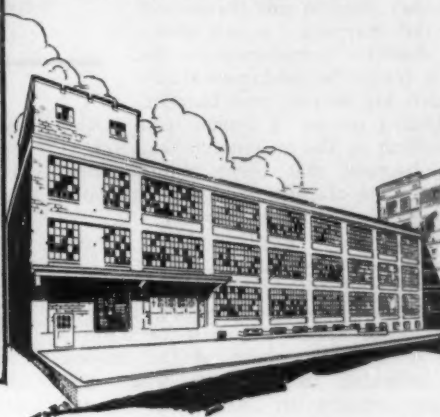
To the assertion of the Department of Justice that these were illegal activities for an association, the Supreme Court demurred saying:

The gathering and dissemination of information which will enable sellers to prevent the perpetration of fraud upon them, which information they are free to act upon or not as they choose, cannot be held to be an unlawful restraint upon commerce, even although in the ordinary course of business most sellers would act on the information.

Big Business Builds The Ferguson Way



The Ferguson-built addition to the plant of the Wolverine Supply & Manufacturing Company, makers of Sandy Andy Toys—Pittsburgh, Pa.



"Extras in building are caused by inexperienced engineering and design"

B. F. BAIN, President, Wolverine Supply & Mfg. Co.

UNEXPECTED "extra" costs for completing industrial building work have burdened, and even financially embarrassed, many factory men—mainly because of inexperienced planning and design. It was a great relief to Mr. Bain to solve this problem the third time he added to his plant.

He and many other American manufacturers, leaders in their lines, have finally hired The H. K. Ferguson Company to plan their factory buildings, here, in Canada, and in Japan.

"Extras" are always avoided when The H. K. Ferguson Company does your engineering. Alterations, arguments, and additions, are eliminated—you get your buildings complete, with cost, quality, and delivery date *guaranteed*.

You owe it to your business to get Ferguson's planning proposal before you employ other engineering or architectural services,—regardless of who does your engineering work.

Come, phone, wire or write for a Ferguson executive.

THE H. K. FERGUSON COMPANY

Cleveland Office: 4900 Euclid Building. - Phone: Randolph 6854
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Detroit Office: 841 David Whitney Building - Phone: Cherry 3127
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A few great companies who have relied on Ferguson engineering

National Cash Register Co., Dayton, O.
Procter & Gamble Co., Cincinnati, O.
Liggett & Myers Tobacco Co., Richmond, Va.
General Electric Co., Schenectady, N. Y.
Delco, Dayton, O.
Library Bureau, Brooklyn, N. Y.
Nordyke & Marmon, Indianapolis, Ind.
A. P. W. Paper Co., Albany, N. Y.
Maxwell Motors Co., Detroit, Mich.
Continental Gin Co., Birmingham, Ala.

Ferguson

GUARANTEED BUILDINGS

"We Can Make and Sell Cheaper Cars"

By EDWARD S. JORDAN

President, Jordan Motor Car Co.

SOMEONE is always asking the question as to why Henry Ford has been the most successful manufacturer of motor cars in the world.

The answer is very simple.

Ford was the first man to build a car for the other fellow. All the other early manufacturers built cars in which they liked to ride themselves.

While this may seem at first glance to be a doubtful compliment to Mr. Ford, it is really the fundamental idea upon which his success was founded.

Now that a period of intense competition is approaching in the automobile industry, it will be observed that other manufacturers are paying some attention to those principles which made Ford success possible.

Five things made Ford dominant among the builders of motor cars:

1. The demand for individual transportation which had been accumulating for two thousand years. Ford was first to build a car at a price within reach of the masses.

2. By adhering to standard design and introducing economy in the purchasing and production he was able to constantly reduce the price of his car, thereby reaching an increasing number of buyers.

How He Lowered Costs

3. By concentrating upon a single chassis model he was able to attain the highest degree of efficiency in production and the lowest cost in merchandising.

4. By concentrating upon uniform design he was able to devise and procure special machinery, greatly reducing the cost of his output.

5. As his volume increased he acquired a purchasing power which enabled him to practically control many of his sources of supply, thereby obtaining economies which made his position practically unassailable.

It is quite generally conceded that there is a great deal of waste in the automobile industry, much of which must and will be eliminated in the period of keen competition which is approaching.

Excepting Ford and one or two others, the majority of manufacturers, including the largest volume producers, will have to pass through a period of what might be called Fordizing their business, before the industry can be said to have reached a settled economic status.

This means that five things must happen before motor cars can be produced and sold on a true economic basis:

1. The elimination of unnecessary models maintained in the line by volume producers who feel that it is necessary to have several chassis models and many different body styles to satisfy their demand. The cost to their dealers of merchandising the models, which are hard to sell when new and harder to handle profitably in a trade when old, is much greater than the original profit to the manufacturer when he delivers them to the dealers.

2. The elimination of excess overhead due to the maintenance of excess plant capacity which can only be employed profitably at the height of the selling season. It is this

SOME time ago Mr. Jordan was quoted as saying about automobiles, "The cost of distribution is too great." We asked Mr. Jordan to tell us why and how this cost could be lessened. We asked him to talk not to an audience of automobile makers and sellers, but to automobile buyers and users. Here is the answer.—The Editor

excess plant capacity which brings about overproduction, with a consequent overloading of dealers, followed by long trading and a loss to the dealers which, in turn, eliminates several thousand of them each year through the process of bankruptcy.

3. The cost of constantly changing mechanical design involves a great waste not suffered by manufacturers following the Ford policy. Certain improvements are always desirable from year to year, but a complete change in design and multiplication of models reduces the second-hand valuation of cars already in use with a consequent loss of millions of dollars to the owners and a great loss to the dealers. Of course the loss to the manufacturer through the necessity of changing tools, jigs and dies is considerable.

If the manufacturer instead of the dealer had to handle all of the second-hand trades in which the profit usually disappears with the appearance of each new model, these changes would be less frequent.

It happens that the automobile industry has enjoyed a great advantage over most industries because the manufacturer sells for cash and the dealer handles all the time paper and suffers any losses that are incurred in trade.

4. Manufacturers who in the past have striven to increase the volume of their production by bringing out new models will probably find it more profitable in the period of competition that will ensue to multiply their efforts toward increasing economies, thus enabling them to reduce the price of their product to the point where the volume will take care of itself.

Wisdom of Ford's Policy

THERE IS one instance of a manufacturer who brought out the first low-priced enclosed job aside from Ford. He has been able to reduce prices repeatedly during the past eighteen months with a corresponding increase in volume and profit, thus proving the wisdom of this Ford policy.

5. The cost of advertising and selling and distribution will be greatly reduced as time goes on. While advertising is very important in the development of any business, there is a great waste in automobile advertising due to the inclination of many manufacturers to buy space in quantity and in publications merely in imitation of other manufacturers.

Most automobile advertising looks like all other automobile advertising, largely because it is not written in a distinctive way. Advertising that is distinctive and, at the same time, judicious can be done at a much less cost than advertising which is merely ordinary.

The cost of selling has been greatly increased by the frantic desire of manufacturers merely to exceed the output of their competitors, regardless of the cost of forced distribution imposed upon their dealers by an excess of output.

The time will come when profits from the sale of cars will be more evenly divided between the distributing organization and the manufacturers.

The day of the palatial sales room on the avenue may be passing. Manufacturers who in the past have insisted upon distributors maintaining large buildings with expensive overhead will see the wisdom of encouraging dealers to cut down the expensive display and will encourage an increased effort to sell and trade cars at a profit.

The salesmen employed by the dealers and distributors of the company are largely in the position of purchasing agents instead of salesmen.

While the distributor representing a factory producing a volume of cars may make a great deal of money if he has a large number of associate dealers working for him, the associate dealer, in many instances, is not doing well.

Result of Rapid Growth

THIS ENTAILS a constantly increasing expenditure to interest new dealers and new capital.

These conditions are the result of the very rapid growth of the greatest business in the world—that of transportation.

It is a business which has been built up by an admirable group of young, ambitious and aggressive men. The rewards have been bountiful, but the fundamental economy which in the last analysis will determine survival, has, in many instances, been overlooked.

Survival, in the last analysis, will be the reward of those manufacturers who design for permanent service, purchase with quality as well as price in mind, produce with lowest possible overhead and sell with the idea of keeping the distributing organization in a prosperous condition.

Finally, that company which in its particular field builds a car which maintains the highest value in the second-hand market will be certain to survive in its field.

Yet in my opinion the business is just beginning. While there are more than seventeen million automobiles in this country there are only about three million in all the other countries of the world.

The saturation point is yet far distant.

We have passed the engineering period when it was merely necessary to build a car which would run.

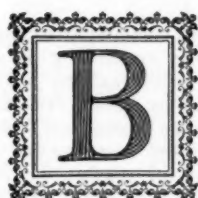
We have passed the so-called production period, as the capacity of the industry is now beyond the existing demand.

We are now in the merchandising stage when success depends upon the distributing organization.

We are approaching what may be called the economic, or service stage, when cars will sell on the basis of dollar for dollar, cost per mile and service rendered.

AN IMPORTANT CHANGE IN POLICY

STUDEBAKER herewith announces the discontinuance of the custom of presenting a new line of automobiles each year. Instead of bringing Studebaker Cars dramatically up-to-date once in twelve months *we shall keep them up-to-date all of the time*—with every improvement and refinement made available by our great engineering and manufacturing resources. This policy not only directly benefits present Studebaker owners, but it also enables purchasers of new cars to obtain models that are always modern—*without the necessity of waiting for annual changes*, and without the danger of their new cars becoming obsolete.



BACK of this new policy is an amazing story—of interest to everyone who owns or expects to own an automobile. The dramatic success of the present line of Studebaker Cars is one reason for this important change. Month after month we keep breaking records—sales keep piling up. This year we will sell almost four times as many automobiles as we produced in the big boom year which followed the war.

Owners report endurance records, even beyond our greatest expectations. Out in the rugged mountain regions where Studebaker sells four times its normal proportion of cars, owners talk about these models in the most extravagant terms. In 1924 the Corporation's sale of repair parts dropped to \$10 per car per year. Mechanical stamina under severe usage—remarkable performance under the most difficult travel conditions—*these are the qualities for which Studebaker Cars have long been noted.*

Surely, these significant facts prove beyond any shadow of doubt that Studebaker Cars are

so soundly engineered and manufactured and so eminently satisfactory in the hands of owners, *that drastic annual changes are not required.*

Improvements and refinements will be made from time to time. New features will be added. When our engineering department (maintained at a cost of more than half a million dollars a year) devises an improvement in any model it will be made without regard to the calendar.

As in the past, we shall continue to pioneer vital betterments that have proved their merit through practical use. Alert, aggressive, receptive to new ideas, resourceful in executing them, guided by scientific research and spurred by imagination, the Studebaker organization proposes to build better motor cars than ever before.

Now you may buy a Studebaker on any day of the year with the confident assurance that the sturdy, thrifty, one-profit car you drive away will not be stigmatized by any act of ours as a "last year's model." Today in even more generous measure than in the past, Studebaker Cars offer the utmost value for the money.

THE STUDEBAKER CORPORATION OF AMERICA, SOUTH BEND, INDIANA

STUDEBAKER MOTOR CARS

This is a Studebaker Year

When writing to THE STUDEBAKER CORPORATION OF AMERICA please mention Nation's Business

He Stuck to Making One Thing

WHAT ideals will win in business? Louis Livingston had some—and succeeded after a fashion. His son Julian had some more—and succeeded, but it was after a very different fashion.

Louis Livingston was the grandson of a baker whose plant was in Germany near the Russian border. When the great Napoleon swept over that country he espied a windmill on the horizon and spared it, but captured its miller, who was also a baker. This baker specialized in rye bread, and when Napoleon's officers tasted it they liked it so well they kept the mill and the millwheel busy, and also the captive baker who turned its product into good rye bread.

The grandson came to America and, after being fleeced at the Battery in New York, as many good immigrants had been before him, he sent to relatives in Chicago for a ticket to a less taking place.

Weds the Baker's Daughter

THE day he arrived he got a job making bread—and insisted on making rye. It sold so well that the bakery owner raised his wages from \$5 a week to \$8, and the baker's daughter smiled on one so prosperous. Livingston married the daughter and took over the plant—and there his ideals came to full fulfillment.

He could see no farther. He had one business motto: "Never deal with a scalawag, and never use bad materials." People heard about his rye bread and telephoned orders to the bakery. He yawned, and told 'em to come for the bread if they wanted to. He loved the feel of the dough and liked to keep his hands in it. Merchandising was an art still unborn off in the ether somewhere, so far as he was concerned. The thought of a shop bigger than one for which he personally could

turn out all the bread made was hateful to him.

He remained to the end a stubborn craftsman, proud of his bread, but selling only what would go over the counter to walk-to customers. There came along his son Julian.

Julian hoped to grow up to be a great man. He saw the possibility of some day serving two wagon routes—a retail route and a wholesale route. And how nice it would be to be a big baker, with two wagons and a fine shop!

But Julian noticed the birth of the merchandising spirit around him. As he caught a glimpse of it, he began to fill those telephoned orders. He bought wagons, one after another. Steinmetz offered machines. Julian had no feel for the dough nor love for it. He began to study merchandising. From three wagons he moved up to 300 wagons.

On every grocery store in Chicago, almost, appeared the sign, "Livingston's Famous Rye Bread." One baking plant proved too small. He had discovered capital and capitalization. He put capital to work. It brought him two more bakeries—one in the far west of the city, another in the north. The original one was in the south. And into each went the giant machinery of the era during which the push button had pushed muscle out of the bakeshop.

Science Is Put to Work

TO THE fourth generation in this baking family, *merchandising*, not the dough trough, was the family passion. And there seemed no limit to what it would do.

A million dollars' worth of bonds reached the financial market—to finance expansion and development. Science was geared in and production was professionalized under bakery engineers. They had reduced the old necromancy to an exact science.

The world got too small even for isolated

city plants. In an hour of consolidation and nation-wide expansion a more centralized baking corporation, which intended to go in for mass production on a nation-wide scale, handed Julian Livingston \$4,000,000 for his bakeries—\$2,000,000 of it in cold cash.

Just then this young man thirty-nine years old felt merchandised to death. "Here I am," he lamented, "thirty-nine years old and nothing to do but ride a horse in Lincoln Park."

Rye Bread for a Nation

BUT he had counted without his times. If he had made rye that Chicago liked, why not make rye that all America would like? The greater company had use for him. It had plants now in all the principal cities, bringing them up to the efficiency that only modern mass-production methods, backed by laboratory tests for truth, can accomplish.

"Would Livingston become the chief of rye-bread production for those in this giant zone, made possible by modern telephones, motor trucks, railroads, flying machines—modern transportation speed?"

The question was asked him. The last I knew this was the destiny that lay along his path. Both he and his father and their fathers before them lived by rye bread, but which one of them would consider some other member of the family the greater success?

Louis, who scorned merchandising, now proposes as an etching on a book plate in a library dedicated to baking science. It was erected by Julian and his brother, "Milt," as the Louis Livingston Memorial Library at the American Institute of Baking, where the banked-up science of the world is tunnelled into for the benefit of the latest form of your loaf of daily bread.

Manufacturer and Retailer

Two Sides of a Question

Unsolicited, there came to our desk "a survey of present business conditions," written by one of the country's leaders in the textile industry.

"With few exceptions," he says, "textile manufacturers have failed to show a profit during the past several years." And he places the blame for this upon the retailer.

Every question has two sides. We sent the manuscript to one of the country's leading department-store men, and asked him what he had to say.

Here are the two sides.—THE EDITOR.

The Manufacturer's Lament

FOR THE past few years, judging from official financial statements, large retail stores have cleared profits, after deducting for depreciation on inventories and also handsome salaries, of from 6 to 8 per cent on their gross business, which means practically a profit of not less than 25 per cent on their capital stock.

Statements issued by manufacturers in the textile lines and in the so-called needle trade show, with a few exceptions, losses.

Does it not seem strange, with the large retail establishments making profits on the man-

ufactured product, that the manufacturers supplying the product should suffer losses?

The present system of buying by the powerful combinations of retail stores at large, and also by resident buyers who represent thousands of different merchants throughout the country, is such that it does not give any manufacturer a chance to make a reasonable profit on his product. Manufacturers are simply forced to yield to any offers made for their merchandise or to close up their shops.

The manufacturer is forced to carry a stock of goods on hand, so that the retailer can buy from hand-to-mouth—and buy the manufacturer's surplus stock at a sacrifice price. Some buyers are even forcing the manufacturer to give them goods on consignment, allowing a return on unsold merchandise. After these goods are returned to the manufacturer, the buyers come back to buy them at a tremendous loss to the manufacturer.

Resident buyers even go so far as to issue bulletins to their trade advising not to buy certain merchandise at the present time, thereby creating an overproduction, so they can buy at their own price later on. Instead of, "Live and let live," they have adopted the less charitable slogan, "Kill them with kindness."

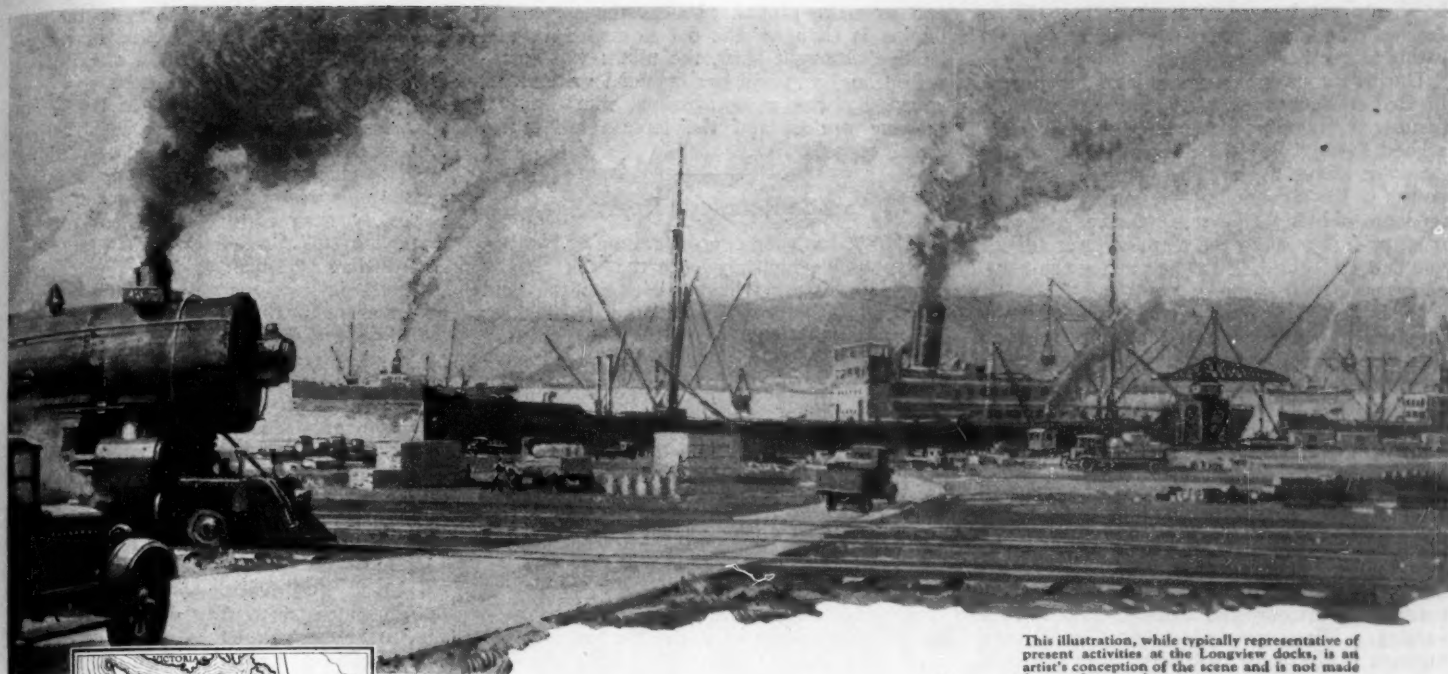
The merchandise man directing the buyers

forces them, in order to keep the retail sales for a certain week equal to the same week of last year, to hunt through the wholesale market for bargains. The buyers approach the manufacturer with the plea that you must give him so many garments at such-and-such a price, as he must make good this week's business. You must help him do it, he tells you, with a threat that if you don't, you will not get his regular business.

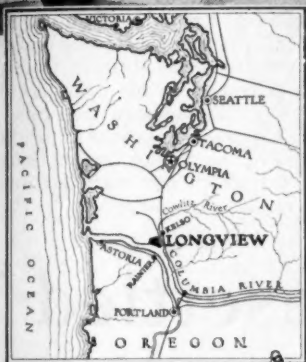
Years ago, sales in retail stores took place twice a year, during the months of January and July to clear up odds and ends at the end of the season. Under the present system of the powerful hand-to-mouth buying power, sales are being offered daily.

The public has been trained to want cheap merchandise. The manufacturer is forced to cheapen his garments as much as possible, in order to meet competition. It is not a question of quality any more; it is a question of price. The result is that many manufacturers are liquidating their assets, asking for extensions, or going into bankruptcy. Industrial property has no market, machinery cannot be given away, plants are for sale galore.

The big buyers are training the manufacturer the way the expressman trained his



This illustration, while typically representative of present activities at the Longview docks, is an artist's conception of the scene and is not made from a photograph.



Longview has all the essentials to make a city, and its foremost asset is Transportation—three trans-continental railways, the Northern Pacific and the Union Pacific and the Great Northern; the Columbia River with its ocean-going commerce to the leading ports of the world; two internationally famous paved highways—the Columbia River Highway and the Pacific Highway—and a third, the Ocean Beach Highway, now being built. Longview is 50 miles northwest of Portland, 50 miles east of the Pacific Ocean and 135 miles south of Seattle.



A passenger station now being built at a cost of \$75,000



A public library now being built at a cost of \$150,000



A public hospital to cost \$200,000, the first unit of which is now being built

*Where Rail, Water
and Highway Meet—*

LONGVIEW

Washington

Offers ten essentials of successful industry

LONGVIEW, Washington, the new industrial city of the Pacific Northwest, has grown from nothing to a permanent, modern city of more than 7,000 population in less than two years' time without the use of "boom methods!" From the beginning, those who founded the enterprise asked nothing more of investors than that they make their own careful investigation—that they sift to the very bottom the facts as gathered by the engineers employed by the founders.

The results speak for themselves. Investigation of transportation facilities, markets and raw material, first led The Long-Bell Lumber Company to this broad valley at the confluence of the Columbia and the Cowlitz Rivers, halfway between Portland and the Pacific Ocean. A great lumber manufacturing plant was erected, and now, ten months after the first log was sawed, a second large unit is being built.

Other great industries and investors saw Longview begin to grow and sent their engineers and transportation experts to investigate. Hence, the recent announcement by the Weyerhaeuser Timber Company, largest

private timber holders in the United States, that it, too, has selected Longview as the site for one of its great manufacturing plants. A statement by a Weyerhaeuser executive says: "Longview affords economical water transportation as well as rail facilities not excelled by any other location in either Washington or Oregon."

Now comes the Fleishacker banking interests of San Francisco and purchases the control of the Longview National Bank founded in May, 1923, and today with resources of \$932,000. Says a Fleishacker representative: "The purchase is a striking evidence of the impression Longview has made upon business and financial interests in other parts of the country."

Last summer Longview had, it is estimated, more than 200,000 visitors. This year the young city expects a larger number. There is more to see now—a bee-hive of city development and building involving millions of dollars—the dramatic spectacle of a city being built before your eyes.

Summer railroad rates of approximately one-half fare for the round trip to Longview and other Pacific Northwest cities in effect May 15. Stop-over privileges are easily arranged by consulting ticket agents or railway conductors.

The Longview Company Longview, Washington

PLEASE USE THE COUPON IN SENDING FOR LITERATURE
THE LONGVIEW COMPANY, Longview, Washington Dept. 12

Gentlemen: Please send me literature concerning the new city of Longview. I am particularly interested in its opportunities for:

☐ Manufacturing ☐ Retail ☐ Wholesale ☐ Income Property
☐ Professional ☐ Commercial ☐ Home Site ☐ Investment
☐ Suburban Acreage

Name _____

Address _____

MONTHLY PAYROLLS \$800,000

Longview's payrolls will aggregate \$800,000 a month as early as July, it is conservatively estimated.

When writing to THE LONGVIEW COMPANY please mention Nation's Business

horse—to eat less and less every day till he reached the point where the horse stopped eating altogether—and died.

During the past 25 years which I have spent in the knit-goods industry, we have had a number of traveling salesmen who have made a good living. But the days of the traveling man are about over. The combined buying power is forcing him off the road. There is no more individual buying. Today, it is volume, price, "squeeze the manufacturer for all you can get"—and all this is putting the traveling man out of business.

It is safer to be a statistician than a prophet, it is true, but I venture to predict that the day will soon come when these powerful buying combinations will regret not having given the manufacturer a chance to exist, for the manufacturer is being forced to dispose of his merchandise in ways which are detrimental to the interests of the large retail stores.

A good many specialty stores have been opened recently by manufacturers, selling direct to the consumer, saving the large overhead expense of the retail store. Manufacturers are encouraging house-to-house canvassing. They are encouraging mail-order business. The public will soon learn the best and cheapest place to buy.

The consumer has been trained to demand cheap merchandise—which means that in order to make normal profits, the retail store must sell more units of goods than ever before.

The strength of the manufacturer is practically exhausted. Soon, there will be no more sources of cheap merchandise to sell at sales

and to make profits. Unless the system of buying is changed, the old slogan "Live and let live" brought back, the tables will be reversed, and you will see financial statements, issued by the manufacturers who survive, showing profits, and the large retail stores showing losses.

The Retailer's Reply

THERE has been over-expansion of plant in the textile industry since the war. Many new manufacturers have come into the field equipped with insufficient capital and lacking in experience. This has dislocated the market; and from this dislocation arise the conditions which prompt the above article.

To the normal hardships following on this overexpansion have been added the uncertainties of cotton prices and the real inroads of Rayon. The textile manufacturer has had a rough time. Fundamental economic facts have been against him to almost the same extent that they have been against the farmer; and he has been as powerless to protect himself as was the farmer. Again, just as the farmer hit out wildly against the banks—against the system of marketing, against the tariff, and against almost everything else—so the particular textile manufacturer who wrote this article, is hitting wildly.

His most obvious target is the retail store and its practices. In the face of this, must one undertake to deny, singly and seriatim, each of the particular charges? Is it wicked or economically unsound to buy large quantities of goods more reasonably than small

quantities, and thus offer them to the public for lower prices? Is it wicked or economically unsound to buy in small quantities and frequently? Even the shortest recollection can go back a few years when the retailers were hounded for overbuying with the resultant cancellations. They have learned their lesson. Our textile manufacturer says they are not now overbuying. Is it wicked and economically unsound to find a less expensive method of distribution than that represented by traveling salesmen?

The large-scale operations of the big retailers is economically sound. They have produced values and have made profits. They have saved greatly in the expenses of distribution.

As a result of this, many small retailers are going out of business, just as many inefficient manufacturers are going out of business. Is it wicked and economically unsound to produce values and make a profit? Indeed, in many lines of manufacture, other than the textile field, the manufacturer today holds the whip-hand.

Offhand, it is difficult to think of any other line in which the trading done between manufacturer and retailer is not done with an equal show of strength. Four or five years ago the manufacturer held the whip-hand in almost every field and dictated prices, quantities and deliveries at his own pleasure; and when the textile industry has gone through its present depressing period of readjustment, there is no reason to look for anything but the stability for which our manufacturer is contending in the above article.

Consent Decrees Still Unsettled

THE PACKERS' consent decree is perennial in the interest it excites. In the long series of events which have happened in relation to the decree since it was entered in 1920, there was on April 23, 1925, a new occurrence; for on that day the Supreme Court of the District of Columbia placed the decree in a state of suspension. As to the propriety of that action, and as to the even more delicate question whether or not a decree that is suspended remains a decree, the United States Supreme Court may now have a chance to add the final word.

Before the clerk of the Federal Court had fairly concluded his labors in filing the decree of 1920, questions began to appear. When the five packing companies that were subject to the decree came forward with the plans they had undertaken to formulate for disposing of their interests in stockyards, the Federal Trade Commission, which acted as advisor to the Attorney General, found fault with them.

By 1921 a cooperative canning concern was asking to be heard because the decree had adversely affected its business, and in the latter part of the year the Attorney General was responsible for the formation of an inter-departmental committee, with representatives of the Department of Agriculture and Department of Commerce, as well as of the Department of Justice.

4,000 Pages of Testimony

THIS committee the Attorney General asked to make an investigation and recommend whether or not he should ask the court to modify the decree.

The committee took four thousand pages of testimony and concluded that the Attorney General should take no position but that the cooperative canneries should address the

court, in their attempt to get restoration of the services of a packer as a wholesale distributor which the decree had cut off. Although the court had permitted wholesale grocers' associations to intervene in the case, and present their views, it refused the same privilege to the cooperative canneries. That meant an appeal before the canneries could get into the case. In 1925 they have finally obtained what they sought, in a suspension of the operation of the decree, although they may have to defend their advantage in the Supreme Court.

Has Some Novel Features

MEANWHILE, other agencies had been busy. A Senate subcommittee had taken 1,035 pages of printed testimony. The Senate passed two resolutions calling upon the Attorney General for information about the extent in which there had been compliance with the decree. Finally, in December, 1924, the Senate asked the Federal Trade Commission to send it a history of the whole matter, appending an admonition to make it concise.

The Commission's standard of conciseness proved to be forty-four pages of ten-point type, "set solid," in printers' parlance.

This consent decree which has such an involved history has some novel features to it. For instance, it recited that the packers consented to the decree being entered against them only upon one condition. This condition was that the decree should not be considered an adjudication that any of the defendants had violated any law of the United States. The decree made it plain that the packers were acting merely to avoid "every appearance of placing themselves in a position of antagonism to the Government."

Aside from features of this kind, the de-

creed was pretty comprehensive. It began with a general provision against an agreement of any sort in restraint of trade. It then required the defendants to dispose of the interests they had in stockyards, their interests in terminal railways, their interests in public cold-storage warehouses beyond their own needs for refrigeration, and any interests in retail meat markets. As to the retail meat markets, the Trade Commission has said the defendants had no interest in such enterprises.

Finally, the decree required the packers to divest themselves of their interests in so-called "unrelated lines," such as canned goods, groceries, etc., forbidding them to handle foodstuffs unrelated to their products as meat packers. This part of the decree did not extend, however, to poultry, eggs, and dairy products.

The Most Discussed Point

IT HAS been the part of the decree about "unrelated lines" that has caused much of the discussion and that was the point of attack by the cooperative canneries in the proceedings which have now resulted in the decree being suspended. The court said it had been established that the cooperative canneries were being damaged by continuance of the decree, because it had upset their arrangements with one of the packing companies for distribution of the canneries' product.

When the court was ready to suspend the decree as to the canneries, however, the Department of Justice and the wholesale grocers seem to have indicated they would prefer to have the whole decree suspended rather than a portion. The court accordingly took that action.



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Protection for your driver and your merchandise is assured with this standard Ford cab and body.

A weather-proof canopy roof, side curtains, screen sides and end doors keep the contents as safe as in your own warehouse, and the closed cab protects the driver in inclement weather.

Merchants and manufacturers who have had goods damaged by rain, snow, sun or cold, or stolen from an open truck, will welcome this security to be obtained at the popular Ford prices. And the dependable operation of the truck itself assures timely delivery under conditions, good or bad.

If you are interested in securing safe transportation for your merchandise, ask your nearest Authorized Ford Dealer to give you a demonstration of Ford equipment and to show you how it will save time and money in your business.

Price Complete \$560 F. O. B. Detroit

The New Closed Cab

A roomy, comfortable all steel cab with seating accommodations for three people.

Complete ventilation facilities.

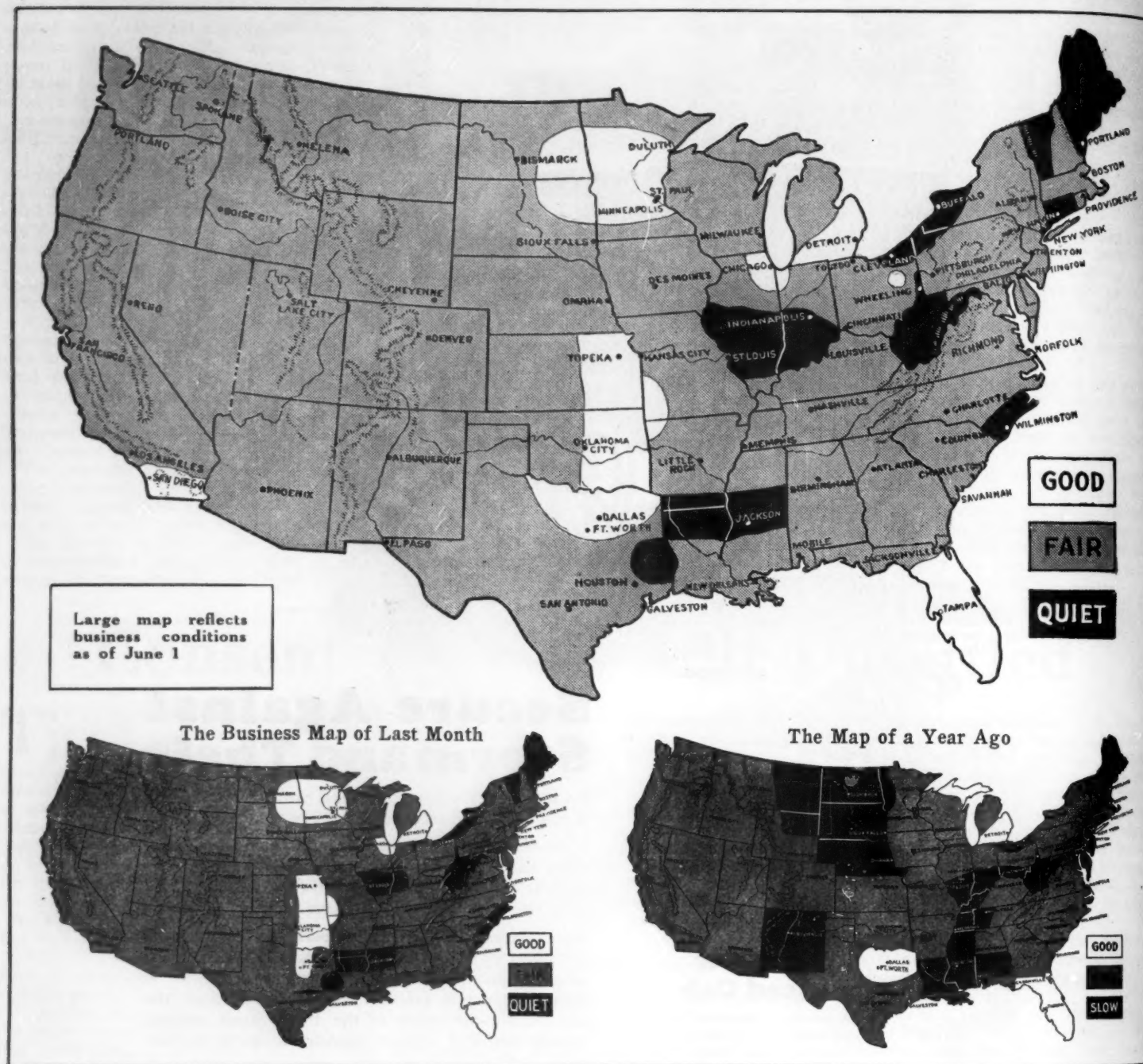
Removable panels at rear of Cab.

Rubber floor mat; two dispatch boxes.

Ford

C A R S T R U C K S T R A C T O R S

The Map of the Nation's Business



By FRANK GREENE

Managing Editor, "Bradstreet's"

MAY AND JUNE saw a full measure of irregularity in finance, trade, crops and industry. The stock market showed a renewal of the rise in stocks with most strength in industrials which set up a new high level of averages, the highest since early in the Great War with railway stocks lagging a little behind. Bonds rose in price apparently because of the vast quantity of money offering for investment in the country. British exchange rose almost to par while leading continental currencies, especially those of France and Italy were reactionary.

Weather conditions were irregular, a hard freeze affecting corn and fruit unfavorably

late in the month, followed by very high temperatures extending through the first week of June. Trade was retarded by the cold spell but retail trade later was stimulated by hurried buying of summer wear which revealed some shortages of lightweight goods. May trade was seasonally smaller than that of April but while wholesale trade may have fallen slightly below May a year ago, retail trade was slightly larger.

Industry showed lessened activity in some lines of production notably coal, coke, iron, steel, autos and lumber, but prices of commodities at wholesale turned sharply upward after four months of declines, crop products, nonferrous metals, oils and rubber, fig-

uring prominently in this direction whereas the textiles, and especially cottons, tended to lag.

Bank clearings showed that two-thirds of the gains over April and over May a year ago center at New York where speculation was active; car loadings showed marked expansion while totals of failures and liabilities decreased enough in the former to allow 1925 to fall behind 1924 for the five-month period, thus imitating liabilities which have, however, fallen off much more heavily.

A slightly more cheerful feeling characterized the general outlook despite the less satisfactory prospect for several crops, the idea that recent big export business in farm prod-

Marshall L. Havey

—Vice-President of the Celluloid Company, first in the field of pyroxylin products. Makers of Arch Amerith vanity and toilet articles, chosen by women of refined taste everywhere.

"All my important correspondence and memoranda—where every word has to be carefully chosen—I save especially for The Dictaphone. It enables me to think out loud—fast or slow—without any feeling of holding up my secretary."

"And The Dictaphone is such a joy in cleaning up my desk during a busy day! Letters, suggestions, messages, thoughts, engagements, instructions—The Dictaphone takes them all. And I never have to call my secretary away from other work she has to do."

Marshall L. Havey

What's Wrong With Shorthand**Executives say:**

"When I most need her, she's gone."

"She's busy now. Let it go."

"Has all she can write today."

"I used up her time dictating."

"She can't get out all she's taken."

"She was out to lunch."

"If I could only dictate while it's fresh in my mind."

"Out sick, so my letters have to wait."

"When here alone, I'm helpless."

That's enough! I'll send in the coupon below on general principles.

Shorthand didn't give him time to think—

How much more work can a man turn out with The Dictaphone than with old-fashioned, roundabout shorthand?

Answer:—As much as Mr. Havey (see coupon below)

What's Wrong With Shorthand**Secretaries say:**

"He talks so fast, I'll be getting writer's cramp soon."

"No one else can read my notes."

"Cold notes are maddening."

"Shorthand is nothing to boast of."

"I've no time to show initiative!"

"I'm 10% secretary and 90% slave to my notebook."

"Those awful waits while he chats over the 'phone!"

"Nothing doing until 3, and then two days' work."

That's enough! I'll show him this trial offer right now.

Try this freedom — at our expense.

Give The Dictaphone a trial. We will gladly lend you a machine to test any way you like.

DICTAPHONE SALES CORPORATION, 154 Nassau Street, N. Y. City
Gentlemen: Please notify your nearest office to lend me a New Model 10 to try—without expense or obligation. Leave it to me to judge by results, not by salesmen's reasons or other people's success. Thank you.

Name.....

(Please pin this in your letterhead)

NOT less than 50 per cent. And we have on record cases where Dictaphone users have increased their capacity 200 per cent.

Moreover, every Dictaphone user who values detachment,—concentration,—makes the same discovery as Marshall L. Havey, Vice-President of The Celluloid Company of New York City. He finds that the detachment needed in thinking out his best work is achieved with The Dictaphone as it never was with shorthand. Work requiring careful thought is always better if thoughts are recorded direct—by absolutely impersonal means. Therefore quality as well as quantity of output is improved.

Mr. Havey supervises a large business. Being in direct charge of all sales, he sees everyone who wants to see him—clerk, manager, customer. His day is crowded with interruptions.

With The Dictaphone he catches up! Messages, engagements, office instructions—The Dictaphone takes them all. His desk is cleared for tomorrow.

And he saves especially for The Dictaphone the letters that have to be answered carefully, where everything depends on just the right word; plans that take concentrated study. *The Dictaphone gives him time and detachment to think them through!*

It also makes possible perfect teamwork between Mr. Havey and his secretary, Miss Lang. No more waiting through conferences, through all his many interruptions—no more late nights! When she comes in each morning, she has only to carry out Mr. Havey's wishes expressed on The Dictaphone cylinders. Miss Lang now has time to give Mr. Havey real executive assistance.

Write to the President

If you have any doubt as to the application of The Dictaphone to your work, Mr. C. K. Woodbridge, our President, wants you to write him a personal letter. He has studied the use of dictating machines under all sorts of conditions and out of his abundant experience will give you the best solution.

DICTATE TO THE DICTAPHONE

and double your ability to get things done



When writing to DICTAPHONE SALES CORPORATION please mention Nation's Business

ucts may not continue and that business generally goes forward on the whole steadily, but certainly cautiously. Perhaps the best summing up of recent operations would be that a rather large business is being done at a very small net profit.

Some of the features of the sharp upward rise in the price indexes in May will bear mention. Wheat regained about half of the reaction shown from the high points of the year touched in late January and again in late March on poor reports from winter wheat, while corn was strengthened by the freeze in late May. The strength of the grains may be credited with part of the complacency with which the possible reduction in the year's yields was viewed in agricultural regions and by the stock market.

Crops Won't Help Railroads

RAILROAD men, on the other hand, naturally regard crops from the standpoint of potential tonnage and this reduction can hardly be regarded as an important bull factor on railway stocks which, as above stated, have lagged as compared with industrials. Cotton and cotton goods showed easing from the high points of March, and discounting of the expected favorable government report of early June, showing the highest condition since 1918, held these products down until talk of dry-weather damage became too strong.

The metals moved irregularly, pig iron going off despite big sales in late May while scrap metals showed as big an advance. Steel products softened as a whole. The nonferrous metals, except copper, showed strength but the really big advance of the month was in crude rubber which sold at 78 cents or nearly four times the price ruling a year ago, on the working out of the Stevenson plan of restriction plus big world consumption, especially in the United States for automobile tires. The latter were advanced twice in the period under review.

Sugar prices have stayed low on the large world's production but consumption has been enormous.

Among the raw textiles, features have been the alternate weakness and strength of cotton, the firming up of raw wool after the debacle in prices of the month before and the enormous quantity of raw silk taken by mills in the first five months, 200,877 bales as against 143,529 bales in the like period a year ago.

Silk Affects Cotton Goods

THIS use of silk, natural and artificial, is credited with having a decided effect upon consumption of other textiles but especially cottons. As regards the latter, it is to be noted that while the country's mills were, as a whole, on a 100 per cent basis during April the Department of Commerce figures of spindles active show 97 per cent at the south as against only 80 per cent in New England and the number of spindle hours run was 294 in the former as against only 163 in the latter section.

Discussion of curtailment was active early in June and some large southern mill centers reported a slowing down of operations although the late strength in cotton tended to rather submerge the sentiment toward curtailment for the time being at least.

Automobile production in May confirmed predictions in that trade that April was to see the peak of production. The May output of cars and trucks was estimated at 404,300 as against 421,878 in April and 304,438 in May a year ago. Up to the end of May, production for the year was 1,694,215 cars and trucks as against 1,723,890 in the same five

months of 1924, a decrease of only 1.6 per cent from the peak output of the first part of 1924.

Sales of leading mail-order houses in May decreased 18.6 per cent from April but gained 7.7 per cent over May a year ago. Sales of ten chains of stores decreased 3 per cent from April but gained 10.4 per cent over May a year ago. Combined mail-order and chain-store sales for May fell 10 per cent from April but were 9.3 per cent larger than in May a year ago. For five months, mail-order sales exceeded a year ago by 10.4 per cent and chain stores by 12.4 per cent, while combined sales of both, aggregating \$363,871,804, exceeded 1924 by 11.6 per cent.

May building expenditure, permitted for at leading American cities, while smaller than that of April, was the fourth largest monthly total on record and exceeded that of May a year ago by 14 per cent. The country's total expenditure for house, office and store construction for five months exceeded the disbursements for the like period a year ago by 3.5 per cent.

The same inequalities as between car loadings and gross railway earnings noted in earlier months still seem visible. The loadings for four weeks of April totalled 3,721,662 a gain of 6.3 per cent over the like period a year ago. Gross receipts of Class One railroads in April, however, were \$473,496,550, a decrease of three-tenths of 1 per cent from a year ago. Economies of the roads in the face of lessened receipts is shown in the net operating income for April of \$66,199,236, a gain of 6.2 per cent over a year ago or about the same percentage as shown in car loadings.

Pig Iron Still Ahead

AS AN old-time barometer of industry, pig iron production in May was of interest showing a reduction of 13 per cent from April and a decline to below the output of last December although still showing 12 per cent gain over May a year ago. The output as of June 1 was at the rate of 68 per cent while the output of the iron-and-steel industry as a whole was estimated at about 70 per cent as against 90 in March and of practically 100 per cent in the west.

Buying of lumber has been active, more so than a year ago indeed for the year, but production has been evidently too large for all of it to be utilized, hence unsatisfactory prices in the Pacific northwest, with reports of shut downs of logging camps.

Lumber production in some respects seems to resemble soft-coal mining and oil-well drilling, that is, they all continue in the face of manifestly large supplies on hand or lack of adequate consumption. All three offer at times examples of waste of natural wealth in efforts to find market outlets.

Desire to avoid confiscatory timber taxes is one cause assigned for excessive lumber cutting, fear of exhaustion by rival wells is cited in the case of oil while immense supplies of easily minable coal tempt mining of fuel not immediately needed.

Just at present the petroleum situation seems very strong. Despite record totals of domestic output, crude light-oil prices are strong on record consumption and gasoline has regained strength on unprecedented consumption reducing stocks earlier than usual at a time of peak production.

Wheat Below Last Year

JUST before the Government estimates of grain crops were issued in the second week of June, the average of four private crop estimates placed the total wheat yield at

664,000,000 bushels or 209,000,000 bushels below that harvested last year. Of this decrease 167,000,000 was credited to winter wheat while 42,000,000 was credited to spring wheat despite the idea that the area in that crop was to be increased by at least 12 per cent over that planted last year. Oats forecasts were for 161,000,000 bushels less for this year although a good increase in area was admitted.

These estimates were based in the case of winter wheat, on early drouth and later developed insect damage in the southwest, while the reduction in spring wheat was attributed to the freeze in late May. There are those, however, who still look for better yields in the southwest than is indicated. The Texas grain crops may be larger than anticipated a while ago but the estimates already made are small at best.

May Freeze Hurt Corn

IT IS too early to report on corn but unquestionably the May freeze did a good deal of damage and as certainly necessitated a great deal of replanting in the corn belt. The freeze hurt some fruit and early vegetables in the west and excessive rains did likewise in California.

The breaking of the drouth in northern Texas did much to enable growers of cotton to get forward with much delayed work. Curiously enough, Oklahoma showed the best cotton condition in late May while poor conditions in south and central Texas caused the latter state as a whole to report the lowest condition.

The three Pacific coast states have made a decided comeback from the poor agricultural conditions ruling a year ago. Planting of spring wheat has partly made up for big losses of fall-sown grain last winter in Oregon and Washington while rains in northern and central California have insured plenty of moisture in that section.

Bank clearings as a whole in May showed a gain of nearly 1 per cent over April and of 11.7 per cent over May, 1924. The greater part of this gain was recorded at New York City where speculative and investment buying was more active than in April or in May a year ago. New York gained 4.3 per cent over April and 15 per cent over May last year whereas the rest of the country lost 3.4 per cent from April and gained only 7.4 per cent over May, 1924.

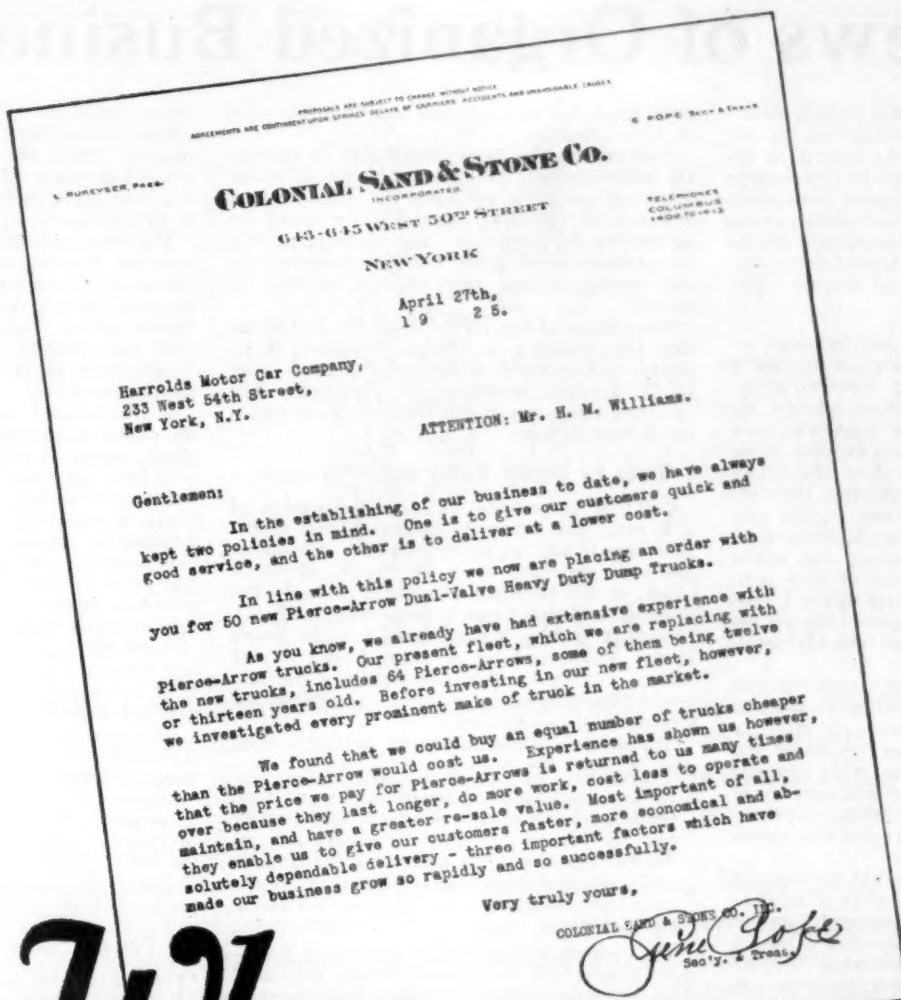
Owing to a decrease of 9.6 per cent in failures in May from a year ago, the total of failures for five months is now half of 1 per cent below a year ago. Liabilities which have been falling heavily below a year ago are now 42 per cent below those of 1924.

No Wheat for Export

THERE are two views or predictions as to the course of trade in the near future. One, based largely on the slump in sentiment and in many industries in March, is that a further, more than seasonal, recession is due. The other is that the declining tendency has been checked and that production in most, not all, industrial lines is now being gauged closely upon immediate necessity buying which is generally expected to continue.

There is a sort of tacit agreement that the big European demand for breadstuffs which developed last year and which did so much to lift American sentiment out of the rut of mid-year of 1924 is not, at present accounts, probable or possible. On the other hand the latest official reports seem to indicate that this is just as well, as it seems probable that there will be no exportable surplus of wheat to offer to Europe.

July, 1925



Why the world's largest retail sand company chose Pierce-Arrow Trucks EXCLUSIVELY

Hauling sand shows up a truck's real ability. Almost without exception, Pierce-Arrow trucks are the standard equipment of New York City sand operators. Why? Because

- the dual-valve, dual-ignition Pierce-Arrow engine develops tremendous power.
- the worm gear is fully enclosed. No sand can reach the driving gears.
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And these same reasons make Pierce-Arrow trucks the most economical and profitable for your line of business. Let the nearest Pierce-Arrow representative present all the facts.

THE PIERCE-ARROW MOTOR CAR COMPANY
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Dual-Valve
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\$3300 and up for chassis. Sizes,
2, 3, 4, 5 and 7½ tons
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Six-cylinder Motor Bus prices
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Terms if desired

News of Organized Business

TRADE associations need not hesitate to engage in constructive activities for the advancement of the common interest of industry and of the public because the Government or the courts have not made a specific pronouncement relating to them, E. W. McCullough, manager of the Department of Manufacture of the Chamber of Commerce of the United States, has told manufacturers of industrial alcohol. Mr. McCullough explained that—

associations desiring only to use federated effort for legitimate purposes and not for selfish advantage are experiencing no difficulty in determining whether the activities selected are legal, as the principles of the trust laws have long been recognized by business and the courts. The real concern of many of these associations is in reality with the interpreting and enforcing agencies of the Government, the attitude of the administration, the Attorney General, Federal Trade Commission, and others having to do with the execution of these laws. Here the Chamber of Commerce of the United States is constantly using its good offices in behalf of these associations and much progress is being made.

We have now had sufficient experience with these laws running back over thirty years so that the layman today understands that the creation of monopolies is not permitted nor restraints in trade, nor can he safely organize to interfere with the other fellow's equality of opportunity. To do these things would be morally wrong in the first place and also almost invariably in violation of law.

It really requires no legal talent to interpret these laws in principle, for no body of business men ever got together and entered into an agreement or understanding to follow a certain policy that those present did not know whether or not in principle they were violating the law. But there is a very human, natural desire to secure advantage and this has frequently led them into doing things not illegal individually but absolutely so when accomplished by cooperation or collusion. . . .

I regard the trade association today as a necessary vehicle in handling the problems of any line of industry, provided it is organized and operates wholly with singleness of purpose in selecting and dealing with only those problems confronting the industry that can be undertaken for the advancement of the industry. It is along these bigger and broader lines that trade associations are being organized today rather than as formerly for defensive purposes and the handling of petty service and problems which concern only a portion of the membership.

An International Trade Exhibition

SANCTIONED by the Congress of the United States, and with endorsements from commercial organizations and manufacturers, the International Trade Exhibition, Inc., is to be opened September 15 at New Orleans.

It is represented by its organizers as an important factor of the future in the creation of new trade channels that will be beneficial to buyer and seller alike.

The exhibition is intended as an all-year permanent display of raw materials and manufactured articles from all parts of the world, not only for exhibition purposes, but to provide a place where sellers may show their wares and where buyers may see them. A joint resolution of the United States Senate and the House of Representatives authorizes the President to invite foreign countries to take part in the exhibition.

The exhibition will be housed in a six-story concrete, steel-reinforced structure owned by the United States Government and provided free of charge for the exhibition. The building includes 500,000 square feet of floor space, and is located on the public belt railroad, which connects with

eight trunk-line railroads and the steamship piers of New Orleans.

Business men of New Orleans are to manage the exhibition and will operate it without profit. Whatever payments are made for display space, exclusive of operating costs, will be spent for advertising the exhibition. The management will not attempt to sell goods for the producers, but will obtain foreign representation if that is desired.

The officers of the International Trade Exhibition, Inc., include C. L. Wallace, president; H. K. Avery, vice-president and general manager; and G. H. Deckert, secretary and treasurer. The executive offices are in the Hibernia Bank building at New Orleans.

Tour to Study Farm and City Life

A TOUR to provide first-hand knowledge of rural and urban developments, and at the same time to offer an inviting means of recreation, has been organized by J. H. Brown, of Battle Creek, in the "Michigan Automobile Tours." The chamber at Battle Creek is cooperating with Mr. Brown in making arrangements for this year's 31-day tour, scheduled to begin August 5 near Adrian, Michigan. President Grant of the National Chamber has been invited to address the tourists at one of the camps.

The purpose of the tours, now in their seventh year, to quote Mr. Brown, is

for a big and congenial family of city and rural tourists . . . to take a vacation and leisurely tour the country; to note the variety in farm life and practice in the different states through which the motor caravan travels; to study the cities and country en route; to camp out during the entire trip.

The itinerary this year includes cities in Michigan, Canada, New York, Pennsylvania, Maryland, West Virginia and Ohio. "Camp-fire" programs will be given at night stops on the route. The tour last year was made by about eight hundred persons in 214 cars.

The Status of Community Baseball

BASEBALL has been losing ground in the majority of the smaller towns and cities, says a report on community baseball by the National Amateur Athletic Federation, of which President Coolidge is the honorary president. The report presents the results of a nation-wide survey, with suggestions for organizing amateur leagues.

The Federation's findings disclose that many communities are not providing any place for their boys to play the game, that baseball is "dying out" in communities trying to establish it on a semi-professional basis, and that the game is in bad repute in many communities because of "irregular" management of semi-professional town teams.

Boys and young men, the Federation believes, should have opportunity to play the game, and to play it under auspices conducive to the development of high ideals and good citizenship. It sees a need for amateur teams and amateur leagues. Successful amateur leagues now in operation include industrial, playground, neighborhood, fraternal, church, city, inter-city, and county leagues.

Through the report the Federation hopes to interest chambers of commerce, civic clubs, and other organizations concerned with community problems. The Federation is prepared to give counsel on the administration of amateur athletics. Communications should be addressed to Major John L. Griffith, 116 South Michigan Avenue, Chicago, Illinois.

Houston Pupils See Ship Canal

TO INFORM the school children of Houston of their city's port facilities the chamber, beginning last year, provided a series of trips down the ship canal. The passengers were restricted to

school children, including pupils in the grade schools above the third grade and in the high schools. When the first year's trips ended last fall, 7,500 pupils of the total of 36,000 eligible had been taken through the canal. The trips are to be continued.

The route includes the turning basin where the principal facilities of the port are located, the industrial district extending for 7 miles along the banks of the ship canal, and the San Jacinto battlefield where General Houston defeated Santa Ana and thereby achieved independence for Texas—in all about 18 miles, requiring a half-day for the round trip.

A representative of the chamber accompanies the pupils on all trips and identifies the industrial plants, telling what they produce, how they do it, how they get their raw materials, and to what places the finished products are shipped. Emphasis is placed on the importance of Houston's facilities in making possible the city's industrial development. The use of notebooks is suggested, and prizes are offered for the best essays in each school on "What I Saw on the Chamber of Commerce Trip Down the Ship Canal." To supplement the trip pupils are invited to the assembly room of the chamber, where they may hear talks on varied aspects of the city's commercial and industrial activities.

The effectiveness of the trips is indicated by poster and booklet exhibits on the "Houston Ship Canal," "Houston as a Cotton Center," and the "Industries of Houston" prepared by pupils who have made the cruise. The scope and accuracy of these exhibits "astounded not only some of the old folks of the city but also officials of the chamber of commerce who were more or less prepared."—BURT RULE.

Texans Meet at Mineral Springs

THE EIGHTH annual convention of the West Texas Chamber, representative of 300 towns, was held at Mineral Wells, May 4, 5 and 6. Preparations were made to accommodate 40,000 persons. The spirit of the convention was revealed in its slogan—"Work in the morning, play in the afternoon."

The program for the business sessions included addresses by Col. Harvie Jordan, president of the American Cotton Association; Walter D. Cline, district governor of the Rotary Clubs; the two United States senators from Texas, and the Governor of Texas. Band concerts, parades of fraternal and college organizations, and a pageant on the grounds of the country club were features of the three-day meeting, which ended with a banquet.

A Business Barometer for Brooklyn

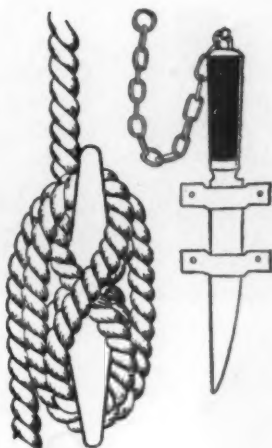
MEMBERS of the Broadway Merchants Association of Brooklyn, N. Y., are to have the benefit of monthly reports showing the fluctuations of sales in the lines represented. According to the plan adopted for preparing the reports, each member is to inform the secretary of the Association of the relative increase or decrease of the volume of his business from month to month, and the ratio his rent bears to the total sales. From these reports, a composite impersonal report will be compiled and sent to all members for use in the determination of business policies.

Arbitration Clause Recommended

INSERTION of an arbitration clause in all international commercial contracts is urged by the Court of Arbitration of the International Chamber of Commerce as a result of its experience with trade disputes during the last two years.

The recommendation is made in a report received by the American Section of the International Chamber at Washington, which discloses that the arbitration court in the two years of its

(Continued on page 68)



Lest it should jam!

The rope holding the asbestos curtain of a theatre is wound around a cleat in such a manner that it is easy to cast loose in case of fire.

But just in case it should jam, a knife is chained beside it. One slash from the knife and the curtain falls. The knife is the extra precaution that makes safety doubly sure.

The Hartford Fire Insurance Company offers you a similar knife in the form of fire prevention service. No matter how fire-proof the construction of your plant may be, no matter how carefully placed your extinguishers, or how conscientious your watchmen or your workmen, an inspection by the Hartford Fire Insurance Company's fire prevention engineers will add that last necessary measure of safety. These engineers will probably uncover a number of little defects in your fire fighting equipment which you will wish to remedy immediately. They are simple things, for most part, that involve no great expenditure, but their neglect may contribute to the origin or spread of fire.

Ask your local Hartford agent to tell you more about this fire prevention service. He is the best equipped man in your community to guide you in all matters of insurance. Or write direct to

HARTFORD FIRE INSURANCE CO.
HARTFORD, CONN.

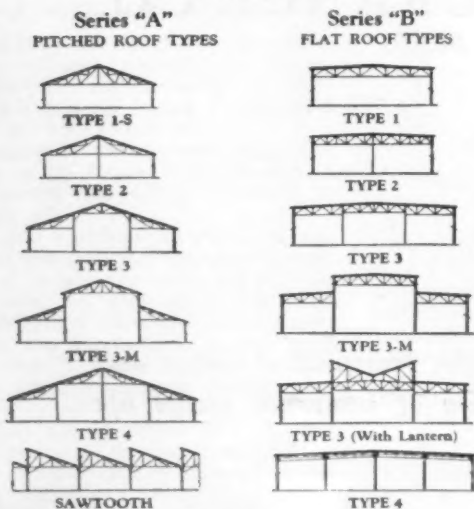


The Hartford Fire Insurance Company and the Hartford Accident and Indemnity Company write practically every form of insurance except life

Permanent Buildings for Every



Two Series of Truscon Standard Buildings Unlimited Combinations



Quickly Erected and

Truscon Standard Buildings are designed by specialists who take into consideration every factor bearing upon your particular problem. Every element of uncertainty is removed. The burden of responsibility to give you the right building at the right time is shouldered completely by a skilled organization whose experience touches every field of industrial and commercial construction.

The result is a building that is fire-safe, durable, low in cost and quickly erected. Complete shop fabrication with standardized parts effects economies found in no other type of permanent construction. One contract, one source of supply, one price cover the entire transaction.

TRUSCON STEEL COMPANY
YOUNGSTOWN, OHIO

—Canada: Walkerville, Ontario

TRUSCON

STEEL CO.

STANDARD BUILDINGS

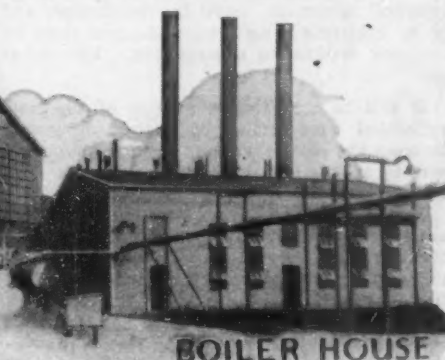
One & Two-Story Requirement



FREIGHT SHED



FOUNDRY



BOILER HOUSE

Ready for Your Use

Truscon has resources for meeting your requirements that are unequalled by any other organization. Sixty Truscon Sales Offices and twenty warehouses cover the entire country from coast to coast. Any one of our Sales Offices, located in all principal cities, will provide you with complete information pertaining to your problems.

And when you are ready to build Truscon Erection Service assumes complete charge of all installations, delivering to you on the date specified a complete building ready for your use.

You need not wait until you are ready to build to consult Truscon. Advisory service is gladly given at any time.

Return coupon for classified catalog

WAREHOUSES AND OFFICES
IN ALL PRINCIPAL CITIES

Foreign Division, New York



GARAGE



CAR BARN



GIN HOUSE

Four Points of Truscon Service

Planning
Engineering
Manufacturing
Complete Erection

TRUSCON
STEEL CO.
STANDARD
BUILDINGS

TRUSCON STEEL COMPANY, Youngstown, Ohio

Send me classified catalog on Truscon Standard

Building to be used for

Length Width Height

Name

Address N.B. 7-25

(Continued from page 64)

existence has had before it ninety-two trade disputes and that it has settled thirty-six of them. Of the thirty-six settled twenty-three were settled by mutual agreement, seven by conciliation, and four by arbitration, and two additional cases by an outside arbitration organization. The report says:

It will be seen that a quarter of the cases submitted were settled by mutual agreement between the parties without the necessity to resort to arbitration, or even to bring the cases before the Administrative Commission.

Forty-four cases were without result, in nearly every case because an arbitration clause had not been inserted in the contract between the parties, and one party declined to accept the offer made by the other party to submit the matter to the arbitration of the Chamber.

As a general rule the plaintiff resorts to arbitration in order to avoid the delays and costs of a foreign action. The defendant is aware of this. As he has signed no undertaking to submit disputes to arbitration and as he is not always of good faith, he refuses the arbitration of the Chamber so as to evade any award. Failing the existence of an arbitration clause, the Chamber is unable to take action, as the arbitration procedure depends intrinsically on the agreement or consent of both parties.

In order, therefore, that advantage might be taken of the machinery provided by the International Chamber the Court of Arbitration recommends the insertion of an arbitration clause in all international contracts. The suggested clause, as recently revised by the Court to make it more explicit than the former arbitration clause, reads as follows:

For the settlement of all disputes in connection with the interpretation or the execution of this contract, the contracting parties agree to submit to arbitration (in accordance with the Arbitration Rules of the International Chamber of Commerce), rendered by one or more arbitrators nominated by the Court of Arbitration of the International Chamber. They agree, therefore, to accept and execute the decision of the arbitrator or arbitrators.

Banking institutions and trade associations in the United States, aware of the advantage of this method of settling international trade disputes, are now urging their clients and members to incorporate the revised clause in all foreign contracts in order that use may be made of the machinery provided by the Court of Arbitration.

Chamber Saves Taxpayers \$200,000

A RECOMMENDATION of the chamber at Indianapolis, Indiana, against the proposed appropriation for the addition of one hundred policemen to the Police Department saved the county taxpayers \$200,000 annually. Recommendations were also made for the improvement of the service of the Police Department with the number of men then available for duty. The City Board of Safety accepted the chamber's recommendations without reservation.

The request for the appropriation was made by the Chief of Police to the City Council, and was then referred to the Board of Safety, which is charged with matters related to the protection of personal rights and of property. Having no means to make a survey of the Police Department's needs, the Board of Safety asked the chamber to investigate and report its findings.

The chamber assigned the investigation to a member of its staff, Leonard V. Harrison, formerly with the Rockefeller Foundation and the Bureau of Municipal Research of New York City. With the assistance of Charles M. Wells, Mr. Harrison made a comprehensive study of the Police Department and reported that the proposed addition of one hundred policemen to the department was not necessary.

Review of Auto Industry for 1924

WITH the average retail price of a motor car now at \$825, motor cars cost 29 per cent less today than before the war, although com-

modities in general cost 67 per cent more, says the 1925 edition of "Facts and Figures of the Automobile Industry," published by the National Automobile Chamber of Commerce, 366 Madison Avenue, New York.

From government sources and the chamber's researches, the booklet in 96 pages summarizes the historical and current information related to motor transportation. According to the booklet, 48 per cent of the motor cars in the United States are owned in communities with less than 5,000 population, and 65 per cent are owned in communities with less than 25,000 population. There are 60,000 motor busses in operation, with 3,250 owned by electric railways, the booklet says, and 470,000 children are transported to school daily by 20,000 motor busses.

Fire Hazards in Department Stores

FIRE in department stores throughout the United States caused losses that amounted to \$10,247,936 in 1923, the latest year for which records are available, says a bulletin on "Fire Prevention and Protection in Department Stores," prepared by the Insurance Department of the Chamber of Commerce of the United States. According to records of the National Board of Fire Underwriters, the bulletin says, there are six department-store fires every day.

Although many department-store fires have been serious, the Insurance Department asserts that the stores have a favorable history in this country with regard to loss of life by fire—a record that may be explained, the Department believes, by the fact that the principal department stores of the larger cities are protected by automatic sprinklers.

The bulletin discusses the fire-loss record, construction, exit facilities, common and special hazards, and fire-fighting facilities. In conclusion, the Insurance Department offers the following suggestions:

1. Consideration of the practicability of installing protective devices and making structural improvements in their properties.
2. The value of the horizontal exit, not alone for its unquestioned and inestimable value as a life saver under panic conditions from fire, but also as a barrier for the check of spreading fires, for the breaking up of larger areas subject to fire and segregation of departments housing high-valued stock.
3. Periodical inspections by the municipal fire-prevention bureau or fire department.
4. The organization and maintenance of properly trained fire brigades and self-inspection systems.
5. Fire-prevention warnings at strategic points through properties for the information of the public.
6. Arrangements for continuous inside inspections during times when the stores are unusually crowded due to special sales or seasons.

Copies of the bulletin are obtainable from the Insurance Department, Chamber of Commerce of the United States, Washington, D. C.

Why "Buy-at-Home" Campaigns Fail

WHEN merchants for the first time jointly through the local chamber of commerce attempt to solve the problem of out-of-town shopping by residents of their city, one of their first inclinations is to organize some sort of "buy-at-home" campaign, says a statement prepared by the Organization Service Bureau of the Chamber of Commerce of the United States. That inclination, the Bureau reports, is frequently put into practice and usually takes the form of cooperative advertising. Hundreds of campaigns of that character have ended in failure, the statement says.

Many chambers of commerce have conducted buy-at-home campaigns for the purpose of presenting reasons why people should trade at home. These campaigns rely upon a sentimental appeal which has been found, in the long run, not to be effective. In fact, we know of no organization, although hundreds

of such campaigns have been undertaken, which has continued this activity for any length of time. Local merchants may react rather strongly to such appeals, but the shoppers do not, and it is the shopper who must be reached.

This brings us down to a fundamental principle. A campaign to stimulate retail trade should be worked out from the viewpoint of the shopper. The reasons why local merchants are not obtaining a larger volume of trade should be ascertained, as nearly as may be, and steps should be taken to overcome them.

People trade out of town because they are not satisfied with the selection which stocks in local stores give them or with the quality of these stocks, or with the price of these stocks, or with the service they obtain from local merchants. This feeling may come about because as a matter of fact the quality, suitability and price of the stocks of local merchants are not on a par with the stocks of their competitors in another town. Or it may be due to the fact that local merchants have not brought their stocks properly to the attention of local people, that their displays are inadequate, their advertising defective, and the salesmanship of their clerks of a poor character. Or it may be that it is a combination of these two sets of conditions.

The way for any group of merchants to answer this question satisfactorily is to actually find out from local buyers why they are dissatisfied with local stores, and why they go elsewhere to shop.

The statement discusses ways and means to induce buying "at home," and provides a useful commentary on merchants' meetings, "sales days," merchandising methods, the so-called merchants' institutes, "at home" nights, and the training of sales staffs. The statement is obtainable from the Organization Service Bureau, Chamber of Commerce of the United States, Washington, D. C.

Scranton Gets 3,229 New Members

A SIX-DAY campaign for members raised the membership of the Scranton chamber from 850 to 4079. The canvass for new members was made by twenty-eight teams directed by John H. Brooks, general chairman of the executive committee. Intensive cultivation of "prospects" preceded the drive for members.

The annual dues of the Scranton chamber are \$30. Part of the membership is included in the sustaining fund subscriptions, which are applied to the premiums on 35-year endowment policies securing the \$400,000 of second-mortgage bonds issued on the chamber's \$700,000 building now under construction.

Details of the campaign and copies of the circulars used are obtainable from Raymond B. Gibbs, secretary of the Scranton chamber.

Huntsville Specializes on Textiles

TEXTILE mills have operated in and near Huntsville, Alabama, for fifty years without a strike, says a report on "Textile Factory Facts," prepared by the chamber at Huntsville, and "There's a reason" the report adds. The "reason" is expanded to many reasons:

ample supply of hydro-electric power, unlimited labor reserves, climatic conditions, transportation facilities, good sites available at reasonable cost.

The report illustrates the present tendency of chambers of commerce to specialize on industries which careful surveys indicate may be profitably located in their communities.

Coming Business Conventions

Date	City	Organization
July 7-9	Atlantic City	National Macaroni Manufacturers Association, Inc.
7-11	Atlantic City	National Retail Tea and Coffee Merchants Association
10-12	Atlantic City	National Association of Men's Neckwear Manufacturers, Inc.
13	New York	National Wallpaper Wholesalers Association
13-16	Kansas City, Mo.	American Institute of Banking

That's How Chicago Feels About It—

Chicago people know their newspapers—their relative journalistic efficiency and their consequent advertising efficiency.

When Chicago people want anything that someone else can supply they know that the way to get it is to advertise for it in the classified columns of The Chicago Daily News. In the year 1924 the people of Chicago and its suburbs placed 929,456 individual "want-ads" in The Daily News. Almost a million separate pieces of business placed in a medium that they know by experience brings the desired return.

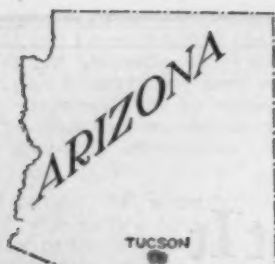
The Daily News is effective as a "want-ad" medium because it reaches the sources of supply in Chicago and its suburbs—and is read for advertising information as well as for its current news and editorial features. The qualities that make it effective as a "want-ad" medium make it equally effective as a display medium—and display advertisers so testify by their advertising lineage. In 1924 The Daily News published 15,099,527 agate lines of display advertising, a greater volume than was ever before published by any Chicago daily newspaper in any single year. The next highest 1924 daily lineage record was 11,774,440 lines.

The people of Chicago appreciate The Daily News' comprehensive advertising service, and know that because it is *their* advertising directory and guide their own advertisements will receive the same attention. The Daily News' 400,000 daily average circulation means approximately 1,200,000 readers every day—concentrated 94 per cent in Chicago and its suburbs.

Chicago people know that they can get what they want by using the advertising columns of

THE CHICAGO DAILY NEWS

First in Chicago



And Now A Hotel in the Arizona Desert!

And now, the Desert of Arizona, on the outskirts of Tucson, the City of Sunshine, gets a Hockenbury financed hotel!

Tucson needed but \$200,000 in junior securities to finance its needed resort hotel (of the bungalow type) but in one week \$340,000 was sold!

Truly a remarkable accomplishment—yet probably no more than your city can do under Hockenbury direction!

Tucson is but one of nearly 100 other cities to secure its modern hotel by the Hockenbury plan. When will your city realize that it, too, can have its needed hotel?

More information concerning the workability of the plan? Certainly! **THE HOTEL FINANCIALIST**, a monthly journal devoted to community hotel finance, will bring you this information. Ask to have your name placed on our complimentary list "C-7." You'll receive it regularly—without cost or obligation on your part.

The HOCKENBURY SYSTEM Inc.
• Penn-Harris Trust Bldg. •
• HARRISBURG-PENNA. •



Trade Paper Digest Current Comment in the Business Press



MISS AGNES LAUT, writing in *Forbes*, emphasizes the shifting of trade centers due to the Panama Canal and its cheap freight rates. Today the Mississippi lies not west but east of the center of production: "Copper, lumber, cotton, precious metals, corn, wheat, stock, fruits have shifted west of the old dividing line; and it is cheaper for them to seek the markets of the world, and it is shorter for them to reach shipside, by the Pacific and the Gulf of Mexico than by the Atlantic. . . . The bitter dispute now going on before the Interstate Commerce Commission over long- and short-haul rates only confuses the lay mind; but any schoolboy knows is costs less to haul for 800 or 400 miles to the sea than for 2,000 to 3,000 miles. . . . That is the real meaning of the frantic agitation for a Great Lakes Highway to the Atlantic."

And further, "The northern transcontinentals are going to be cut exactly in two," says Miss Laut. "Half their freight is going to seek the cheap highway of the sea by the west, and half is going to continue to pour east by the Great Lakes to Atlantic ports."

The Iowa Homestead is awake to the same thing: "The far-reaching effects of the operation of the Panama Canal are beginning to be recognized in the middle west, and the question of affording to the interior of the country some sort of transportation which will offset or equalize the advantages given to the coasts by the canal is sure to be of increasing importance from year to year."

"In order to permit railroad competition with the canal the Interstate Commerce Commission has made numerous concessions in rates which permit the railroads to meet competition by water between points which can use either railroad or water transportation. As a result, the center and interior of the country are in many instances compelled to pay far more for transportation of their purchases from the coast than are points which can take advantage of the canal. . . .

"In fact, the situation as it is developing inevitably means that railroad rates to points not competitive with the canal must be higher in order to make up for the low competitive rates which have been authorized."

And *Railway Age*, in an article on "Revenue Needs of Western Roads," sees "no immediate prospect of a restoration to the western carriers of the tonnage lost to them by reason of the Panama Canal competition, nor do we understand that anything which the Commission could do in the present investigation could bring about such a restoration. The extent of the tonnage lost by this competition may be indicated by the increase in the United States coastwise traffic passing through the Panama Canal:

"In 1921 the westbound tonnage was 1,026,664.5 tons, the eastbound 1,035,834 tons, a total of 2,062,498.5 tons, while in 1924 the westbound movement was 2,540,633 tons, the eastbound 10,018,316 tons, a total of 12,558,949 tons."

"The eastbound tonnage includes a large movement of oil and lumber, but even with those commodities completely eliminated the figures disclose a tremendous increase in the canal movement of traffic which was formerly handled by the all-rail carriers."

The Panama Canal Act of 1912 prohibits the operation of railroad-owned steamships through the canal.

There is a case pending before the Interstate Commerce Commission, asking for a decrease from 55 to 40 cents on freight moving from Texas points of origin to the Pacific coast, which, says *Modern Miller*, "has aroused stiff opposition from officials of the Luckenbach Steam-

ship Co." The lower rate "in all probability will not be granted, but it was understood that the Southern Pacific Railway Company would agree to a 15 per cent reduction below the present 55 cent rate."

Further comment makes it clear that officials of the steamship company were "determined to fight the railroads for any reduction of rates through the medium of the Panama Canal Act."

Ford Cracks a Hard Old Nut; Used Cars to Roll up Profits

VERY recently the Ford Motor Co. came out with a new plan in regard to used cars, says *Printers' Ink*: "Under the Ford plan all resale values are fixed strictly according to the amount of unused transportation that is still available in a second-hand car. Every dealer will be assisted in making this valuation by a standard guide . . . in reality an appraisal sheet. If every item on that sheet is filled out, the dealer will be in a position to make a correct report of the condition of any car that is being traded in."

The next step in the scheme "calls for the reconditioning of the car to the point where it will satisfactorily yield the unused transportation that it has not yet delivered. It is up to the dealer to determine how much transportation any car in question should still deliver. The resale price of the reconditioned car is arrived at by adding, to the price allowed the seller of the used car, the cost of reconditioning the car so that it will deliver that specified amount of unused transportation plus a 20 per cent profit for the dealer."

Further, "any used car may be taken on trial for one week and returned if not satisfactory, with full allowance on any other used car or on a new car."

The dealer must also "obligate himself to give free service on it for thirty days."

A widespread advertising campaign to push the project is reported under consideration.

Potash and Price Cutters; Conflicting Views on Tariff

OUR GREATEST asset, agriculture, depends upon fertilizer. And the making of fertilizer depends upon three raw materials—ammonia, phosphoric acid and potash.

The United States is able to produce enough ammonia for its needs. There is exportable abundance of phosphoric acid. But for our potash we look to foreign countries.

"Our annual importation of potash salts is at the rate of about 1,000,000 tons," says *Manufacturers Record* in an article dealing with potash production from American sources. "Where is the logic in continuing to go to Europe for our potash while we are throwing away as a waste product of our industries as much of this essential as we are importing?"

The overseas control of potash shifted after the war. France became possessor of part of it by the bestowal of Alsace. Now the French and German producers have formed a syndicate to handle the product. The combination has started agitation in this country for a tariff on potash so that the home industry may be developed to assure an ample domestic supply.

"There is no need," thinks *The National Stockman and Farmer*, "of such a tariff, which would merely increase the cost of potash without developing its economic production. . . . There is no evidence that the Franco-German syndicate is going to establish extortionate prices. In fact potash is as cheap now as it was before the war. And it is cheaper for us to buy it of these

who have it than to try to produce it in the absence of rich deposits in this country."

Diametrically opposed to the position of the farmer is that of *Drug & Chemical Markets*. Pointing out that this question will be an issue at the next session of Congress, the journal comments: "While it is denied that any increase in prices is contemplated at this time, it is a corollary that prices will be advanced when new contracts are made. It is a natural consequence of control of production. Secretary Hoover suggests that buyers form an association in order to bargain for supplies and by presenting a united front be able to influence prices."

"American purchasers would be in a stronger position, however, if the Government would take the matter in hand, fix a duty, and if necessary put in force the flexible provisions of the Tariff Act. . . . A tariff on potash would instill courage in timid capital and the work of developing American deposits would be pushed with fresh confidence. . . .

"The demand for potash is sufficiently large to warrant heavy investments, but without tariff protection no new companies would undertake to build plants and push production, knowing that a price war would be precipitated immediately by the Germans who would sell even below cost to drive the American companies out of the field. . . .

"A free-trade New York daily paper takes the stand that Germany and Alsace are the only sources of supply for potash and declares that it can be bought today at pre-war prices, therefore 'leave well enough alone.' The writer of the protest against a tariff on potash entirely ignores the question of developing American deposits."

The *Price Current-Grain Reporter* comments on the report that Secretary Jardine assured American farmers that there would be no increase in fertilizer prices as a result of the combination of French and German potash producers: "We have all been previously assured that combination of farmers in this country for the purpose of marketing all of their crops will not mean an increase in price to the ultimate consumer and we are all anxious to see how both problems work out."

Wheat Seeding and Markets

In U. S., Canada and Europe

PLANTING intentions have been reported by the Department of Agriculture for the entire farming area of the United States, as of March 1.

This survey, says *The Iowa Homestead*, "includes 50,000 producers." Whether the estimates made will be lived up to or exceeded is another matter, but they serve at any rate as an approximate indicator. Returns showed intention to sow

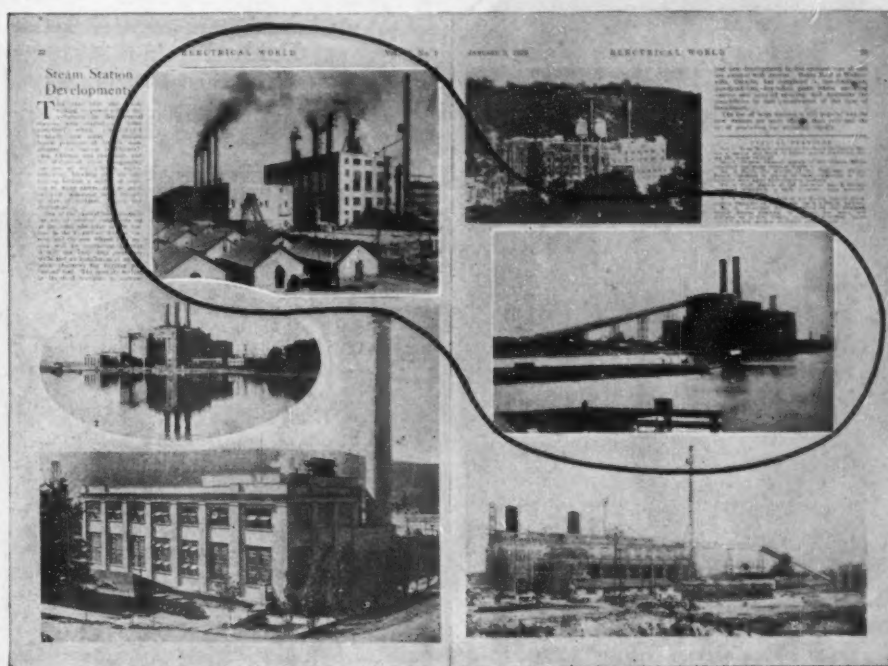
- 14.0 per cent more spring wheat
- 2.3 per cent more corn
- 5.6 per cent more oats
- 23.0 per cent more barley
- 10.7 per cent more grain sorghums
- 29.5 per cent more sweet potatoes
- 9.9 per cent more tobacco
- 4.5 per cent more peanuts
- 11.0 per cent more rice

and

- 3.3 per cent less flax
- 4.0 per cent less Irish potatoes.

The outlook for the grain trade for the coming year is bright, as seen from the editorial desk of *The Price Current-Grain Reporter*: "Economists figure that there is still another ten-billion-dollar year in sight for agriculture. While the winter wheat states will probably have less wheat to market than last year, certain sections of the corn belt will have a great deal more. The outlook for the spring wheat states is encouraging and a little above normal for this season of the year."

Up in Canada, the *Manitoba Free Press* has made "an extensive investigation of the wheat-seeding condition in the Prairie Provinces" (Alberta, Manitoba and Saskatchewan), according to *Modern Miller*: "1925 wheat seeding is two weeks ahead of 1924." Acreage is estimated at approximately that of 1924, i.e., 21,000,000 acres. Russia, says this journal, "shows no sign of



ONE-THIRD of the most notable power station work of last year as selected by **ELECTRICAL WORLD** was Stone & Webster work. Their selection includes the Weymouth Station at Boston on the Atlantic Coast (right center) and the Long Beach Station at Los Angeles on the Pacific Coast (upper left).

STONE & WEBSTER

INCORPORATED



NEW YORK, 120 Broadway
SAN FRANCISCO, Holbrook Bldg.

CHICAGO, 38 S. Dearborn Street
PHILADELPHIA, Real Estate Trust Bldg.

BOSTON, 147 Milk Street



Doublecap in use

This stick gives a firm, full-hand hold even when the stick is worn down until it is nothing but a thin wafer.

Holder Top in use

The stick is held by a threaded metal ring—no chance of its working loose. There are reloads for both Williams sticks.



Why we make *two* holders but *one* lather

MEN'S tastes vary in shaving stick holders. A man in Kentucky says: "I won't use anything but Williams Holder Top. It has the best holder ever made." A man in Oregon says: "Me for Doublecap. It is the best holder ever made." So we say take your choice.

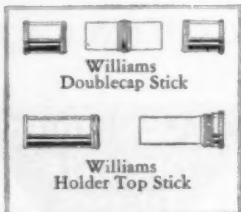
Here's an open secret: No matter what holder or form of Williams Shaving Soap men buy, *they all get the same famous Williams lather*—and with any kind of water, hard or soft, hot or cold.

Don't expect any other lather to equal

Williams. Perfected by three generations of shaving-soap specialists, it stands by itself and stands till you're through shaving! It works up—thick. It holds moisture. It softens the beard—speedily, thoroughly—as only a thick, wet lather can. Williams stick is unusually long-lasting—therefore economical.

We make stick, cream, powder, tablet—four forms; one lather—Williams!

Your dealer will show you this famous shaving soap.



FREE to Readers of Nation's Business. Send for sample of the new, scientific after-shaving preparation—*Aqua Velva*. It protects against wind and sun, and keeps the face like velvet all day long.

Williams

Address The J. B. Williams Company, Dept. 87, Glastonbury, Conn.
If you live in Canada, address The J. B. Williams Co. (Canada), Ltd., St. Patrick Street, Montreal

When writing to THE J. B. WILLIAMS COMPANY please mention Nation's Business

becoming a surplus wheat producer. The whole fabric of huge cereal production was rent asunder by the war. . . . Russia is a partial importer and has streaks of hunger. Roumania and the Balkans are flour importers to piece out their food supplies. . . . In the opinion of some shrewd men, buying will resume in large volume and Europe is beginning to call for supplies. With the new crop there is every prospect of a widening of demand."

Canada is reported to have sold to the Soviet Government 1,300,000 bbls. of flour, all through two Canadian flour mills. "This is said," comments *Modern Miller*, "to be the largest flour order in the history of the world's milling." It "filled 158 railroad trains and 34 steamships," and represented "\$16,395,000 worth of high-grade flour" for which "payment of final check in \$300,000" was made the first of May.

Spain concluded a treaty with Canada in April. "The Spanish prohibition of wheat and flour importation, which has been in effect since January 10, 1922, was lifted on April 20 this year. Instead of a tax of 42 pesetas on wheat, Canada will enjoy the 14 pesetas per 100 kilos." Spain has lately purchased 2,500,000 bushels of wheat from this side of the water.

That much United States wheat is going out through Canadian ports (a method reciprocated by Canadian shippers) is noted by the *English Times Trade & Engineering Supplement*: "Approximately 50 per cent of the grain shipped from Montreal last season was of United States origin. The water route makes Montreal the natural export outlet for grain from a large area in the Western States."

Frenchman Pays 60% Income Tax Alone on \$28,000 a Year

IN THE June issue of the *NATION'S BUSINESS*, Mr. P. W. Wilson gave figures showing that the Englishman pays, in income tax alone, at the rate of about \$40 per head, as against the American per capita of \$16 or thereabouts.

Let us see what taxes are paid by the citizen of France, according to M. Emile Daeschner, ambassador from that country to the United States.

Speaking before the Bond Club in New York on April 17, M. Daeschner said in part:

"In America, as well as in England, the income tax makes the greatest part of the State's revenue. If I judge from the annual report of the Treasury, it makes here 46 per cent of the total receipts and 54 per cent of the fiscal receipts.

"In France the income tax makes only 25 per cent of the public revenue. This shows what a mistake is made when one compares the working of income tax in America, Great Britain and France. . . .

"I counted, on the draft budget for 1925, the number of taxes which are to be collected in France. You should never have guessed that they are more than 60, and even more, as in my estimation, taxes of similar character have been counted under one single head, as the stamp duty, the registration duty, which are in fact distinct from each other. Indirect taxation in France very heavy.

"But now there remains to be seen what is the rate of taxation and what burden it makes per inhabitant. Here again we may judge from figures.

"Since last year, the taxes on decedents' estates were raised as much as to attain in some cases 95 per cent of the estates, and the rate appeared so high that on various occasions heirs did prefer to give up the estate. As to the income tax, for an income of 550,000 francs (which would be \$28,000), it is now 60 per cent."

As to the per capita, Mr. Daeschner continues: ". . . if you only refer to the fiscal load per inhabitant, you would see that it passed

from 104 francs in 1913
to 524 francs in 1923
to 637 francs in 1924 and will pass
to 800 francs in 1925

But these numbers are theoretical, thinks M. Daeschner: "Taxation is in itself a reduction of

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the power of expenditure of the citizens. . . . In order to estimate the effort the Frenchman must make, he compares what the individual pays with the property which he may dispose of, and uses American figures from two sources to clinch the case for France:

The National Industrial Conference Board, says M. Daeschner, states in its survey entitled "Tax Burden and Public Expenditure," on page 20, that the present burden of taxation is 11.59 per cent of the national revenue in America against 16.57 per cent in France.

And the *Wall Street Magazine* is quoted as follows: "National and local taxation for 1925 in France shall consume about 25 per cent of the resources of the people, which is even heavier than the taxation the British people have been bearing and is terrific compared with America's 10 per cent."

To Eliminate Duplication In Canadian Railway Lines

IT HAS been rumored in the railway world that a plan is taking shape to merge the famous Canadian Pacific Railway and the newly organized Canadian National lines.

The matter came up in budget debate at Ottawa, reports *Railway Age*: "In your opinion would not the real solution of the problem be found if the two roads were entirely merged?" asked W. D. Euler of Sir Henry Thornton (head of the Canadian National Railway).

"That develops a very broad question," replied Sir Henry. "You will save more money that way than any other way. I can say that if by any chance such a thing could come about such savings which would result could be characterized only as enormous."

E. W. Beatty, the president of the C. P. R., said in a speech before his shareholders, on May 6, according to *Railway Review*: "We have indicated that we would be very glad to join with the executives of the national railway in reducing by common action as much of the duplication as public requirements and the interests of the individual companies will permit." But, he said in conclusion: ". . . no proposals of any kind from the company to the government, or from the government to the company, have been made save those having to do with the questions of reducing economic waste through the elimination, so far as possible, of duplicate services."

The Canadian Wheat Pool; Its Test Comes With Bear Market

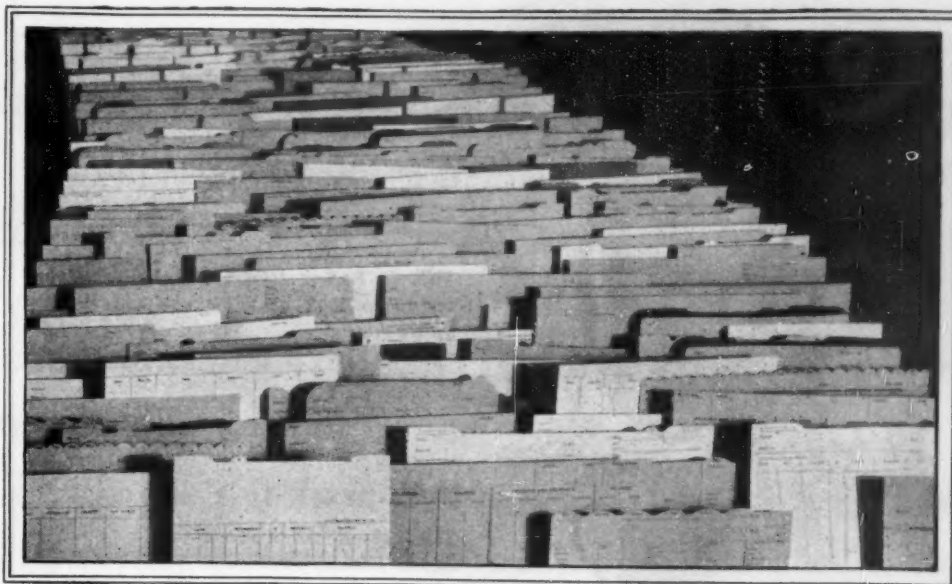
AS A RESULT of the depression following the war, Canadian wheat prices slumped and production costs mounted. Out of the welter of failures and "deep resentment against the private grain companies" grew the wheat-pool plan under which today the wheat from 11,000,000 acres in Western Canada is sold, says the *English Times Trade & Engineering Supplement*. "English cooperative enthusiasts would not call it cooperation at all, as the farmers have merely formed companies, issued shares of small par value, and share profits on the usual pro rata basis according to the amount of stock held by each shareholder."

Under the Canadian Wheat Pool "there are, in fact, three wheat pools. One for each of the three provinces of Manitoba, Saskatchewan and Alberta. These pools have received signed contracts from 90,000 farmers, controlling 11,000,000 acres sown in wheat during 1924. These contracts, which are valid for a number of years, bind the farmers to deliver their wheat when and where the Pool demands it."

The link which joins the three pools "is the central selling agency, the Canadian Cooperative Wheat Producers, Limited, which receives the wheat delivered by the pools, and markets it. This is the important organization, and when the public speaks of the Wheat Pool, it refers to the Canadian Cooperative Wheat Producers."

"The initial function of . . . the Pool is to receive the wheat, store it, and ship it. To this end, it has received a credit from the banks of

THE . CHOICE . OF . AMERICAN . BUSINESS



An army of 3,000,000 L. B. Cards

*can daily be thrown into the battle against
time-waste and office inefficiency*

THE clock ticks—an hour passes. By the hundreds of thousands Library Bureau Record cards go forth to serve the business world.

The clock ticks on—a day has passed. At full capacity, over 3,000,000 L. B. Cards—a pile of cards 3 times as high as the Washington Monument—have been made to supply the country's needs.

The days go by—a year has passed. Over a billion recruits join the huge army of L. B. Cards that is battling time-waste and inefficiency in business records.

Thick cards, thin cards, big cards, little cards; colored ones, plain ones, cards ruled and cards unruled; cards that are tab-cut in many different styles—a veritable blizzard of cards, the largest production of record cards in the world and grade for grade, service against price, they are the cheapest cards you can buy.

What created and developed this demand for over a billion L. B. Cards a

year? These three extra values which you get at no extra cost when you buy L. B. Cards:

Exclusive formulas—L. B. Cards have been made according to our own stock formulas for the last 35 years. This assures scientific uniformity in card quality, and an excellent working surface even on a low-priced card.

Rotary-cut edges—So firm and smooth that they respond instantly to the operator's touch. No fuzzy edges to cause cards to stick together or become lost in the file.

Micrometric accuracy of size—Micrometric gauges used on cutters insure precision and uniformity in the size of all L. B. Cards. No "shorts" to hide—no "longs" to slow up searching fingers.

Stop at the nearest of our salesrooms in the 54 principal cities. Get samples and prices of L. B. Cards suited to your needs. Or mail us samples of plain or special printed cards you now use. We will gladly send you samples and prices.

Library Bureau

Founded 1876

Home Office: 230 Albany St., Cambridge, Mass. Salesrooms: 54 principal cities of United States, England and France. Factories: Cambridge, New York, Chicago, Iliou, N. Y., New Orleans, and London England



When writing to LIBRARY BUREAU please mention Nation's Business



This is the awning that overhung Egbert Hinkley's main entrance.



This is Egbert Hinkley, trying to look as if it didn't matter.



This is the utensil in which Egbert Hinkley's morning cup of coffee was brewed.



This is the cup that enabled Egbert Hinkley to avoid the use of a clothes-wringer at meals.

Once it was considered necessary for the head of almost every family to have a special cup, which was provided with a dam and a sluiceway. Thus he could get along without permitting his mustache to come into service as a strainer.

In spite, however, of all artistic efforts to make the mustache cup a thing of beauty, it could not remain a joy forever. Like the mustache spoon, it has become a mere "hairloom."

Overhanging mustaches are no longer being used for decorative purposes, owing largely to the fact that it is possible now for man to shave his upper lip without shedding tears.

COLGATE'S Rapid-Shave Cream

softens the beard at the base, where the razor's work is done. It leaves the face soothed and velvety.

Being a real cream, Colgate's does not roll off the brush. It lathers quickly, and needs no mussy rubbing in with the fingers.

Daily shaving has become a business as well as a social requirement. See coupon attached.

COLGATE & CO., Dept. 354, 581 Fifth Avenue, New York.

M. C.

Please send me trial tube of Colgate's Rapid-Shave Cream for better shaving. I enclose 4c.

Name _____

Address _____

When writing to COLGATE & Co. please mention Nation's Business

\$5,000,000—substantial evidence that the scheme is not regarded as utterly unworkable by outsiders. As the Pool is not in possession of its own 'elevators' in which to store its grain, it has been obliged to rent these from the various grain companies. But in spite of this handicap, the pool officials confidently assert that by cutting out intermediate profits they are effecting an economy of 1¼ cents a bushel on elevator charges, shipping and handling generally. Such a claim is not excessive if the management be efficient, and though such a sum per bushel may seem insignificant, it amounts to the substantial saving of £20,500 (about \$90,000) on every 1,000,000 bushels passing through the Pool."

But the "essence of success depends upon dealing in 'futures,'" asserts the newspaper. "It involves the delicate operation of 'hedging'—speculation is inevitable."

The test will come, thinks the journal, "in a year when the trend of the market is downward instead of up and the difficulty of disposing of a large crop at satisfactory prices is vastly increased."

"The 'interim payment' made early in the year by the Pool tides the farmer over the difficult period when his bills and bank loans fall due, and he can wait until the following spring for the full amount to be paid. Cooperative selling of wheat has probably come to stay, and with it better conditions for the producers of the west."

"Pass the Butter" Echoes Thro' Pavilions of Wembley

THE BRITISH Empire Exhibition at Wembley, England, has opened for its second season, and the one great, outstanding, incomparable exhibit, according to the crowd, is the Prince of Wales in Butter.

The *Trade and Engineering Supplement* of the *London Times* is nonplussed, and disappointed in the British mentality: "It is practically certain that on the opening day . . . no one anticipated that the most popular feature of the whole exhibition would be the figure of the Prince of Wales in butter."

Is it an evidence of the decline and decay of the British Empire? Was it Greece that caused the Romans to slip?

But it is not the Londoner, at any rate, who displays such vulgar taste. There, England sounds: "Londoners were not greatly impressed, but provincial visitors almost without exception were tremendously intrigued. They returned to tell their friends of the wonder they had seen, and late visitors came up determined to see the Prince of Wales in butter, no matter what else they might miss."

"There is a lesson in all this for the authorities," says the *Times*, "if they will learn it."

But what is so shocking to the Britisher about the yokel zeal for butter as the Prince—provided it was, as their own Lewis Carroll would say, "the best of butter"? No question but that Wales himself is pleased, for he is their lord and bred, and (though no one would call him a fussy man) undoubtedly he likes a change from marmoreal dressing.

To a haughty Londoner it may seem some what *infra dig* for Royalty to be preserved in butter—to become the butt perhaps of vulgar jokes. But was there not a British royalty who was drowned in a butt of wine, and is so preserved to history? If there's anything to choose between butt and butter the Prince has the better of it.

Moreover, the princely proxy is pointing the way to eliminate waste from industry by developing two hitherto unknown values in dairy products ("Rather butter idols," no doubt he thinks, "than idle butter").

After serving as an eighth wonder and a source of inspiration to his subjects, he is granted adequate refrigeration, of course—sweet for human consumption.

And second, as the *Times* has hinted, there is food for thought in all this.

The thought in the minds of a good many American farmers and dairymen, at the present time, would be—was it Danish butter?

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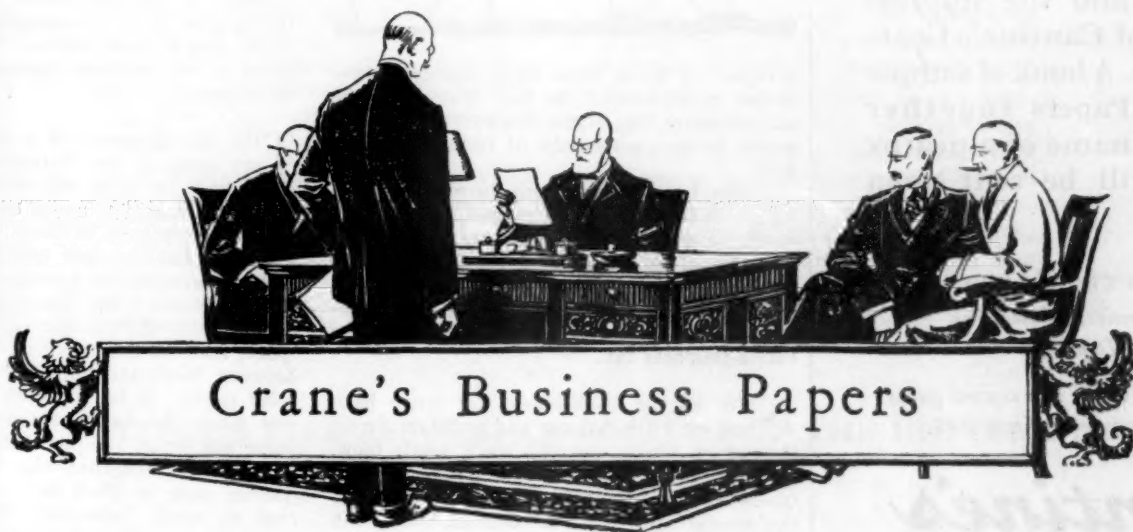
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"Well, shall we give them the order?" The President looked quizzically at the general manager. All the department heads looked grave and expectant. It was a very important decision the Board of Directors of Gage, Vanderventer and Company had made—to buy complete new furniture for the new offices—everything new from the President's handsome big mahogany desk down to the telephone stand for the Board room.

"This is the largest order for the purchase of equipment which we have ever given out," the general manager began. "But this letter"—he picked up the letter soliciting the order—"is as unattractive a piece of stationery as we have ever received. It shows complete indifference to quality in stationery, at least. How can we be sure they can give us what we want in furnishings since they do not value dignity and good taste for themselves?"

The meeting went on, but the order didn't.

The orders you never hear about are those you don't get. Because your letters are one of the many important influences which affect your business they should be beyond reproach. Standardize your stationery upon Crane's Bond. Made from all new rag stock according to old-fashioned New England ideas of quality, Crane's Bond is perhaps the best business paper in America.



CRANE & COMPANY, INC., DALTON, MASSACHUSETTS

When writing to CRANE & COMPANY, INC., please mention Nation's Business



And Look Well to the PAPER!

MUCH of the effectiveness of costly art work, carefully written text and fine engravings is often sacrificed for the imaginary economy of mediocre paper.

Make your sales literature more productive by means of modern illustrations, fine typography, expert printing and the impressiveness of Cantine's Coated Papers. A book of sample Cantine Papers together with the name of a nearby jobber will be sent upon request.

THE MARTIN CANTINE CO.
Saugerties, New York
Dept. 251

Manufacturers of fine coated paper
exclusively ever since 1888.

Cantine's
COATED PAPERS

Chips from the Editor's Work Bench

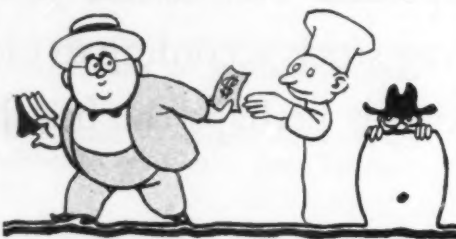
TUNING IN on the radio has helped to keep the gas and electricity turned on. The housewife has found that she can combine the pleasure of grand opera with the business of cooking—the more she stays at home, the more gas she uses, say gas men. To quote Robert J. Canniff, of the American Gas Association: "Housewives aren't 'gadding about' as much as they did before radio became the national household pet . . . the result is that 'ma' is doing more cooking and baking . . . gas stoves are burning merrily . . . and the gas manufacturers are rubbing their hands with satisfaction."

And there's the cross-word puzzle craze, with blessings on the electricity makers, as well as the gas companies. Whole evenings are spent in filling up the squares. Up goes the bill for light; on goes the gas for a late lunch. And gas is used not only for preparing coffee in the home; it is used to roast coffee—the greater the demand for coffee, the greater the demand for gas.

Or to put it metrically, tuning in on the metred waves in the air turns on the gas meter under the stair—or wherever the gas men have it. And while the cross-word puzzler racks his brain far into the night, he is revealed in another light—he is a capitalist, an employer of labor at the lighting plant, at the gas works—and in far places where coffee beans ripen to ease the fag of his own bean.

OBESSE business men are seen as a new source of national income by Dr. Lulu Hunt Peters, a writer on dietetics. Too much fat is bad business, she warns. Her belief gets down to a sort of "cash and carry" system—the fat would pay a tax on their excess weight above normal. Every pound beyond the standard of weight for height would be penalized.

Taxes and death are reasonably sure, but a tax, she thinks, would be more effective toward reduction of excess weight than the



prospect of death from fatty degeneration—if that is the fate of the fat. But there'd be no mistaking the largest taxpayers, and girth would become a measure of community support.

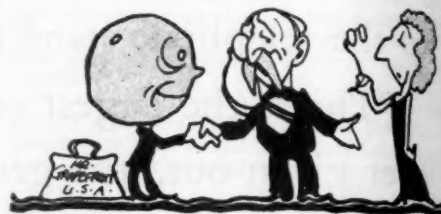
Taken by and large this forecast for the fat is disturbing to purse and to peace of mind. There's no dearth of ways and means to make off with the fat of the land, and the doctors seem as direful as the demagogues in diagnosis. Still, the corpulent captains probably could make as convincing a case for an excess-prophets tax.

NOW IS the open season for straw hats, and on Fifth Avenue and on Main Street they show which way the trade winds blow. But during the closed season their manufacturers have shown to the Census Bureau that the annual sales reach a total of more than \$32,000,000. Straw hats are made in ninety-six factories, with an invested capital of \$30,000,000. The New England States, New York, California, Missouri, Illinois, Maryland,

and New Jersey are the principal producers.

The annual production has increased from a value of \$10,000,000 in 1904 to \$25,000,000 in 1914, and to \$32,500,000 in 1923. From 1904 to 1923 the population increased 33 per cent, but the value of the hats rose more than 200 per cent, indicating the buying of more or better hats for every head. Straw for hats is imported, chiefly from Japan, China, and Italy in the form of "braids."

Our straw-hat factories are kept going by American heads, inside and outside the works, for though men may dodge a poll tax, few have the face to beat the usual summer "overhead."



AMERICAN grapefruit have so pleased English and Scotch palates that neighborhood grocers have laid in stocks to meet the city and suburban demand, reports Edwin Smith, foreign representative of the United States Department of Agriculture. Only fancy fruiterers in the better shopping districts stocked grapefruit three years ago, he explains. London is the center of distribution for Europe, but direct shipments have been made to Liverpool and to Glasgow.

If the American grapefruit industry could arrange for a special advertising fund, Mr. Smith believes, the Fruit Trades Federation of England could effectively administer the money toward increasing grapefruit consumption. American distributors could reach the entire retail trade, he suggests, because of the Federation's close cooperation with retailers—a profitable way, perhaps, to put British taste to the acid test.

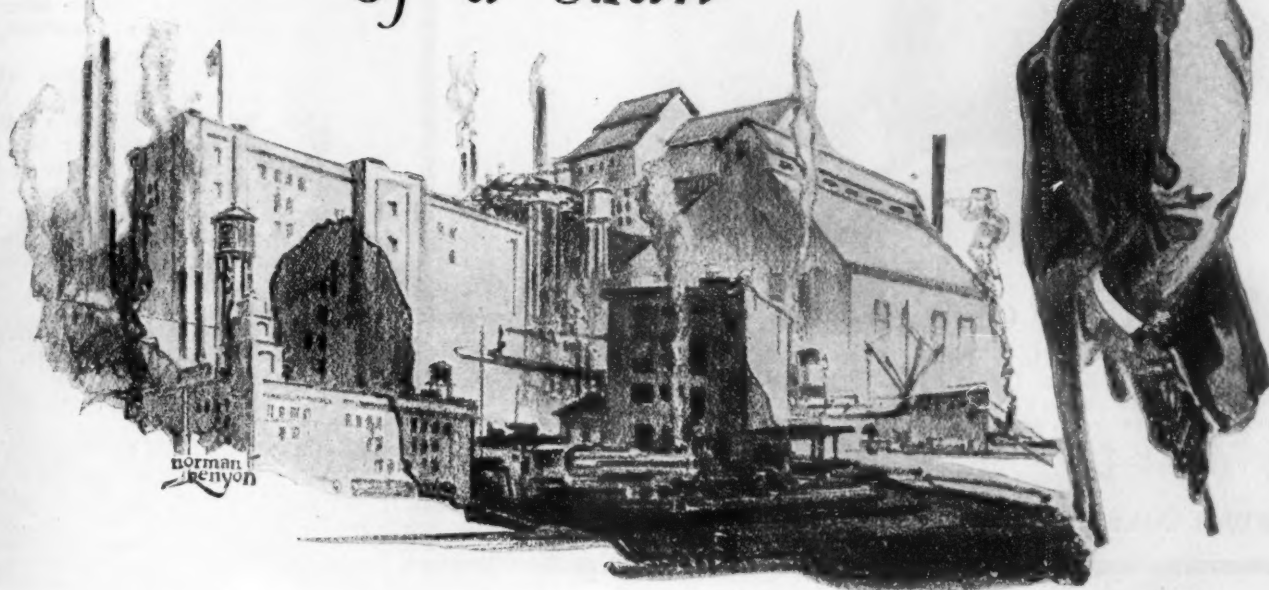
JUST as the business community heaved a sigh of relief over the adjournment of the Congress, announcement was made that Columbia University planned to establish a correspondence course in gas making. This course would make it possible for a man to be "gassed" in his own home; no longer would Washington have a monopoly of instructors. If the course is established, "taking gas" is as likely to win a college diploma as a coroner's certificate.

THE BACK cover of a magazine has 281 per cent of the "attention value" of an inside page in black and white, says a report of an investigation made by the Bureau of Business Research of New York University. Page one has 263 per cent of the eye-compelling force of the average inside page, the Bureau found. The investigation was made to determine the relative value of advertising space, and the difference in "attention value" between black-and-white advertisements and color pages. A full page in black and white was made the basis of comparison, and its value was set at 100 per cent.

With that standard the Bureau found a quarter page in black and white has 47 per cent as much "attention value" and a half page, 71 per cent. A color page is rated at 113 per cent, and a "double spread" at 114 per cent.

The comparisons may provide a useful

"An Institution is the Lengthened Shadow of a Man"



IN ALL BUSINESS ORGANIZATIONS there are certain men on whose brains or capital the success of the business depends. Consequently, it is becoming more and more the custom in the world of commerce and industry for organizations to protect themselves against a loss of their human assets.

BUSINESS LIFE INSURANCE is an investment, not an expense. While the premiums are paid out of earnings, a Life Policy has an annually increasing cash value, and, if kept in force, must mature for its face amount. It is of value to the organization, not only when the loss, through death, occurs, but from the moment the policy is issued.

JOHN WANAMAKER, some time before his death, said: "Twenty years ago, I had a capital of about a half million dollars. I then realized that a business man with a half million of capital and a million and a half of insurance on his life would have better credit than one with a half million capital and no insurance—*So I took the insurance.* Trading on the credit it created, I made *more profit*

than if the money which went into insurance had gone directly into my business."

Today many millions of **BUSINESS INSURANCE** is carried by leading executives throughout the country.

BUSINESS INSURANCE not only protects an organization against the loss of a "Key Man," thus strengthening the credit structure, but it releases capital for extensions and improvements and creates an annually increasing fund from which to draw if the need should arise.

LOANS obtained on life insurance policies have saved many a business in times of financial stringency.

BUSINESS INSURANCE is at once capital and collateral—capital in the form of increasing cash values and collateral in the form of additional security for loans.

The uses of **BUSINESS LIFE INSURANCE** are clearly set forth in our new booklet, "The Man Behind the Business." A copy will be sent on request.

THE EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES

W. A. DAY, President

393 SEVENTH AVE., NEW YORK

When writing to THE EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES please mention Nation's Business



The End of Prisons of Plaster

Business is free from its Plaster Prisons. Staunch, movable, beautiful Telesco Partition has taken their place. Plaster partitions are gone forever. Office walls can now be as movable as the rest of the furniture.

Telesco Partition, erected entirely with screws, has brought about this change. Its movability, its extension top, its beautiful cabinet finish will appeal to you instantly. Let us send you a catalog with complete details.

IMPROVED OFFICE PARTITION CO. 33 GRAND ST. ELMHURST, NEW YORK, N.Y.

Small Drop Forgings

Forged and Trimmed
Only or Machined
Complete

Modern Heat Treating
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Also

Carriage Bolts	Elevator Bolts
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Hot Pressed Nuts	Small Rivets
Wrought Washers	Turnbuckles

The
Columbus Bolt Works Co.

Columbus, Ohio

QUALITY

SERVICE

A Pen for Men

Here is a big, comfortable pen with a medium fine point, that carries lots of ink. Popular with business and professional men.

Esterbrook was the first, and is today the largest, maker of steel pens in America. There is an Esterbrook pen specially adapted to each individual style of handwriting.

The 12 most popular pens in the world, and booklet of 100 famous signatures, sent on receipt of 15 cents.

Address Department B

Esterbrook Pen Mfg. Co.
Camden, N. J.

Canadian Agents,
Brown Bros., Ltd.
Toronto



Always a FRESH
Esterbrook

FORMING A COMPANY?

If starting a new business or reorganizing one you may find it expedient to organize on the Common Law plan under a Declaration of Trust. The economies and advantages are set forth in "D-14"—a pamphlet mailed free upon request. C. S. DEMAREE, Publisher of Legal Blanks, 708 Walnut, Kansas City, Mo.

premise for discussion, but they all seem to get down to getting the reader's "Eye, eye, sir."

A GALLERY of Who's Who in Webster is opened to view by John O'London in an essay on Men and Women of the Dictionary. He tells of men whose names are now common nouns in the English language. Every one is likely to know something of the hansom cab, the mackintosh, the macadam street, and the boycott, but not everyone could trace those words to Joseph Aloysius Hansom, Charles Macintosh, the Scot Macadam, and Captain Boycott. And the author might have accorded similar fame to Lord Brougham, the Earl of Sandwich, and to James Watt.

And why shouldn't America win recognition from the lexicographers? She could roll into the dictionary with Mr. Ford's widely known contrivance, or blast her way in with the devastating lewisite of Professor Lewis. The national readiness to take chances could be boiled down to "Brodie." Even now baseball's supreme wallop is labelled a "Ruth." For the glowing booster there is "Babbitt"; for the get-rich-quick scheme of living, "Wallingford." And for our "isms" many names are available.

To make a name that is talked about, or written about is fame of a sort. To get into the dictionary—that is immortality.

SHUTTING off the discussion of evolution and serious consideration of conjurer-like claims for making gold are cited by Dr. George E. Vincent, president of the Rockefeller Foundation, as questioning the scientific leadership of the United States. And as ad-



ditional evidence he appraises the tremendous craving for patent medicines. Says Dr. Vincent:

The American people consume untold quantities of patent medicine, either of no value or of very little value, at profits to the manufacturers ranging from 100 to 200 per cent.

After all, the genius of the American people may turn out to be an infinite capacity for taking pains.

IN PRE-WAR days the average life of a dollar bill was about fifteen months. Nowadays its life is only about eight months. The American billfold is a lodging for transients—food, shelter, clothing, fuel, movies, motor cars, all sorts of goods and services invite the guests to leave the lodging. Little bills, and big bills, too, are much with the world, and go to pieces in active circulation.

Since the world war the Treasury has not been able to print bills fast enough to meet current needs and at the same time build up a reserve. To serve the demand, bills have been printed and placed in circulation within ten days, although the bills would be more durable could they go slower through the printing processes and be "cured" or "seasoned" for two or three weeks. The Bureau of Engraving and Printing has prepared to turn out a greater number of bills during the next fiscal year than ever before.

The bill is first in war, first in peace, and

July, 1925



Look! No Glare Strikes Your Eyes



SEE how this modern window equipment controls the intensity of sunlight and eliminates glare. Direct light rays cannot flash through the window but are reflected to the ceiling, where they are again reflected and diffused. Thus, subdued, restful daylight is evenly distributed throughout your office.

... Note, too, that the upper part of the window, the most valuable lighting area, is *not* darkened, but is utilized to greatest advantage.

... This scientific control of daylight is accomplished by an ingenious arrangement of thin adjustable slats which may be easily and quickly adjusted to any desired angle. Perfect regulation of ventilation is controlled at the same time; all draft is eliminated because air currents are diverted upward.

... Because of this remarkable service—daylight control plus ventilation—*Western Venetian Blinds* are now used in preference to any other window equipment in thousands of business offices.

... Mail Coupon for Free Catalog ...

Western Venetian Blinds

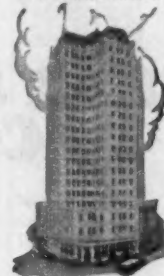
MORE LIGHT~MORE AIR~LESS GLARE

WESTERN VENETIAN BLIND COMPANY

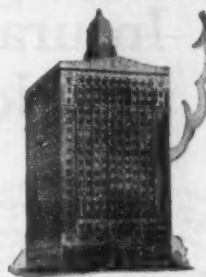
General Offices, Los Angeles: Factories, Los Angeles and Kansas City
 New York Chicago Kansas City, Mo. Portland, Ore. San Francisco Seattle Atlanta
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*Bell Building, Chicago
 Completely Equipped with
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*Medical Arts Building, Dallas,
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*Equitable Life Insurance Bldg., Des Moines
 Completely Equipped with
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*Westinghouse Electric Mfg. Co. Bldg.,
 Philadelphia, Pa.
 Equipped with Western Venetian Blinds.*



*National Chamber of Commerce Bldg.,
 Washington, D. C.
 Completely Equipped with
 Western Venetian Blinds.*

Western Venetian Blind Co.,
 Dept. N-7, 2700 Long Beach Ave.,
 Los Angeles, California
 Gentlemen: Without obligation on my
 part, please send me your free illustrated 64-
 page catalog showing installations of West-
 ern Venetian Blinds.

Name _____
 Business Firm _____
 Address _____
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Put in a North America Coupon, too

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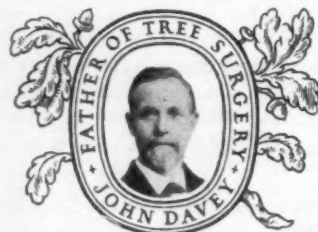
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first in and out of American purses. The silver dollar is archaic, it is too heavy, too bulky for its value. It is not strange that the ten million silver dollars sent out by the Treasury did not stem the popularity of paper money. Every silver dollar has its day, perhaps, but that day belongs to the past when people said of a man, "His money is a burden to him."

HISTORY should become more bubbling and effervescent now that the American Bottlers of Carbonated Beverages have taken a hand in tracing the breath of the nation from 1775. A bulletin issued by this trade association assures that "bottled carbonated beverages were born with our nation. From Lexington to Chateau-Thierry their sparkling wholesomeness has cheered and nourished our heroes in every epochal struggle of our country's development as the world's mightiest democracy."

That assertion may be palatable to those who like their history carbonated, but doesn't it raise a suspicion that the "embattled farmers" who fired the shot heard 'round the world were in fact "embottled," too? And what's to become of belief in the bloody din of battle? Were all those reports from the front only the pleasant popping of corks?

SCIENCE is to displace chance in the selection of printers' devils, says an announcement from the International Typographical Union. Applicants for jobs as apprentice printers will be examined to determine their capacity for learning and their steadfastness of purpose. The test methods were devised by William Turnbull, chairman of the apprenticeship committee of the union, in collaboration with professors of the University of Toronto.

In this age of standardization it is not surprising that even devils should be made conformable to uniform requirements. By giving each devil his due by test may also mean more dues for the union, to put it collectively.

THE CONCERN of Michigan legislators about the temperature of feet at rest in hotel beds has come to a boil in a bill to require sheets and quilts of a minimum length of 99 inches.

Granting that short beds make the sheets look longer, the guest who does not discover a shortage by sight, may depend on sensation. Or provision might be made for a state sheet inspector for bedside consultation. And, of course, the bill should specify that the extra length be added to the bottom of the bed clothes.

SENDING photographs by wire is now an established business. Service is offered by the American Telephone & Telegraph Company between New York, Chicago and San Francisco, where equipment has been installed. Before the company began the commercial transmission of photographs it made laboratory tests for several months. The success of the experiments was publicly demonstrated in connection with news reports of the tornado toll throughout Indiana and Illinois, and of the inauguration of President Coolidge.

The service will be extended to other cities, the company has announced. At that time all sorts of faces will contend with words for place in the traffic, and if the wires are not to go down under an overload of assorted features, the company should be alert to bar the devastating mugs that always "break" the camera.

—R. C. W.



When Time is Figured at 3 Cents a Second

H. H. Brooks, salesmanager of Nor-dyke & Marmon Co., Indianapolis, set down the receiver of the long distance telephone and leaned quickly toward the other phone on his desk, the P-A-X.

Every moment delay meant a higher telephone toll. Here was the swiftest messenger he could employ.

Three quick spins of the P-A-X dial connected him instantly with the shipping floor. "Fisher?—New York's on the wire. Travis has a Paris buyer in his office who wants to know how quick we can export twelve 5-pas-senger standard sedans. Got any right hand drives on the floor? Only one? All right."

Snapping down the receiver hook to break the connection, the manager dialled again. In rapid succession he

called first one assembly division, then another. Chassis intended for the Lincoln Highway began to con-form to the traffic regulations of the Route Nationale.

"That makes twelve," counted the manager finally, and swung back to the long distance phone. "All right, Travis, they'll all go out Thursday. You'll send a confirmation? Goodbye."

24 hours a day the P-A-X gives in-stant, accurate and automatic tele-phone connections saving 20 to 30 seconds per call. No operator to cause delays or errors. While an outside caller holds the wire, information is collected for him with dispatch and precision from any part of the or-ganization. No delays. No calling back. Service like this saves time and money, builds business.



The P-A-X is a private automatic telephone ex-change built of the same Strowger type of Auto-matic telephone equipment being so widely adopted for city service. Besides its fundamental use for in-terior telephony, the P-A-X includes and co-ordinates such services as code call, conference, executive's pri-ority, emergency alarm, etc. It meets all intercom-munication needs.

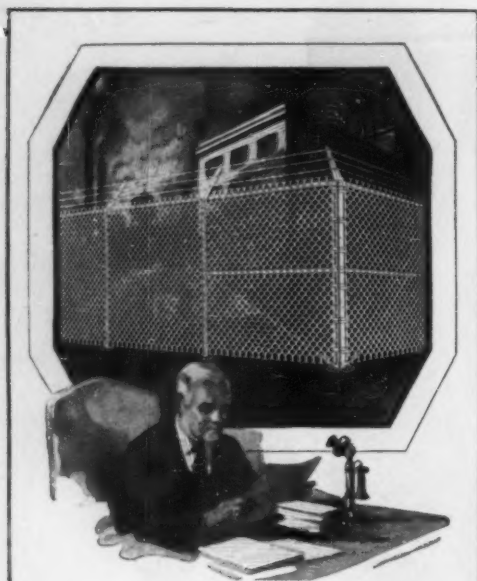
Automatic Electric Company

Home Office and Factory, CHICAGO, ILL., Branch Offices: New York, 21 East Fortieth St.; Cleveland, Cuyahoga Bldg. Representatives in all principal cities. In Canada—Northern Electric Co., Ltd., 121 Shearer St., Montreal, P. Q. Abroad—International Automatic Telephone Co., Norfolk House, Norfolk St., Strand, London, W. C. 2, England. In Australia—Automatic Telephones, Ltd., Mendes Chambers, Castlereagh St., Sydney.



Automatic Electric Company is the originator of P-A-X and is the only organization in the United States manufacturing interior telephone equipment under this trademark. Its use by any other company is absolutely unauthorized.





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PROPERTY PROTECTION PAYS

Books for the Business Man

Reviews and Comments

The Foreign Service of the United States, by Consul-General Tracy H. Lay. Prentice-Hall, Inc., New York.

In this new and timely book, Consul-General Lay has discussed the recent thorough-going reorganization of the consular and diplomatic services of the United States, as provided for in the Rogers Act of 1924. The book discusses the history of diplomacy and consular work of our Government, the organization of the State Department, the relations of the State Department with the Commerce Department, The Pan-American Union, the various Mixed Claims Commissions, and other United States Government agencies having international aspects.

For the business man who is now hearing time and again about this new "Foreign Service" and wondering wherein it differs from the diplomatic service or the consular service, and wondering what the job of the counselor of embassy or the consul general is, Mr. Lay has written an explanation which benefits from his intimate familiarity with the workings of the State Department, embassies and legations, and consulates, large and small.

"The Foreign Service of the United States," however, is not exclusively explanation. It is in part description, in part narration, and likewise in part argumentation. It raises again the old argument as to relations between the Federal Department of Commerce and the State Department, with particular emphasis on the duplication of effort and the dangers entailed by having a growing foreign service of the Department of Commerce in the field alongside this service of the Department of State.

Mr. Lay, quite naturally, is a good strong partisan of the State Department side of the argument. He casts some doubt on the value of all the work that the Bureau of Foreign and Domestic Commerce in the Department of Commerce is doing at home and abroad, and questions the validity of it as a function of Government. He does not recognize what a good many business men are convinced of—that American business needs the services of a corps of high-grade experts who are specialists in business matters, who have little in the way of burdensome routine to bother them and who can work exclusively on the promotion of American foreign trade, with the benefit of constant contact with the government department in Washington which best knows the problems of business.

The question of the need of a separate Commerce Department service is one that has been raised in Congress time and again, and the Commerce men have told their story so convincingly and have been so cordially endorsed by business men that Congress has gone on increasing the appropriations for the Commerce Department work year after year, even in periods of economy and retrenchment in government appropriations.

As to paternalism, John Stuart Mill, the great British economist, could never have been accused of favoring the development of bureaucracy in that direction. Yet Mill wrote: "A government can not have too much of the kind of activity which does not impede, but aids and stimulates individual exertion and development. The mischief begins when instead of calling forth the powers and activities of individuals and bodies, it substitutes its own activity for theirs; when, instead of informing, advising, and upon occasion, denouncing, it makes them work in fetters, or bids them stand aside and does their work for them."

International trade makes necessary a large amount of "informing, advising, and upon occasion, denouncing" and fast as has been the development of the Bureau of Foreign and Domestic Commerce, it is open to question whether it has reached the point of overdoing things in this field.

Viewed either as description, explanation,

narration or argumentation, Mr. Lay's thoughtful book offers stimulating reading for anyone interested in foreign trade or foreign affairs.

The Cost of Living in the United States, National Industrial Conference Board, Inc., New York, 1925.

Three sources furnish the bulk of the material summed up in this compilation: The National Industrial Conference Board itself, the United States Bureau of Labor Statistics, and the Massachusetts Commission on the Necessities of Life.

Advertising Procedure, by Otto Kleppner. Prentice-Hall, Inc., New York, 1925.

A careful study of method and technique in advertising practice. The four sections into which the book is divided make plain its purpose: The Purposes of Advertising; Preparation of Advertisements; Scheduling of Advertisements; the Machinery in Motion. The author recognizes that advertising along with all other distribution costs is now under fire, devotes a chapter to "Improving the Procedure."

Real Estate Handbook, edited by Blanche Snyder and Wilmot Lippincott. McGraw-Hill Book Company, Inc., New York, 1925.

A large number of specialists have contributed chapters to this comprehensive volume on the buying, selling and using of real estate. Seven experts contribute seven chapters to the section which discusses buying and holding real estate.

Credit Management, by Emery E. Oliver and J. W. Hallman. The Ronald Press Company, New York, 1925.

Modern credit methods outlined in 450 pages literally sprinkled with forms. Aimed at the business man and the college student. The chapter on "Sources of Information" interested particularly this reader, who has no special interest in credit.

Valuation of Industrial Securities, by Ralph Eastman Badger. Prentice-Hall, Inc., New York, 1925.

An essay by an associate professor of economics at Brown, in a comparatively unworked field. Investors might find of especial interest the chapter on book value versus market value, and the accompanying tables.

Practical Foremanship, by Glenn L. Gardiner. McGraw-Hill Book Company, Inc., New York, 1925.

Written by an employment manager of the Chevrolet Motor Company and aimed at the foreman himself. Simply told, as it should be, with chapters on such subjects as selecting workers, breaking in new men, and putting through safety campaigns.

Commercial Yearbook of the Soviet Union 1925, Segal and Santalov. B. W. Huebsch Inc., New York. (\$2.50.)

If this handbook were done by the Soviet Government, we might comment that Russia is making a conscious effort not to be self-conscious and is trying to act as though it were an ordinary country, conventionally governed, whose social processes were generally comparable to those of any other.

In physical make-up, in arrangement, and in the handling of the subject matter, this Yearbook conveys the impression of more or less deliberate return to normalcy. The eleven sub-divisions of the book discuss the political organization of the U. S. S. R., its foreign relations, agriculture, mineral resources and industry, the cooperative movement, transport and communications, internal trade, foreign trade, finance, labor and education, while an appendix contains further

FUNDAMENTAL COURSES

Psychology
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 Principles of Economics
 Economic Problems of Agriculture
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 Meetings and Committee Management
 Membership
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 Commercial Activities
 Industrial Activities
 Civic Activities

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 Effective Committee Operation
 Membership Building and Conservation
 Organization Finances and Business Management
 Organization and Community Publicity
 Principles Underlying Secretarial Efficiency
 Chamber of Commerce Salesmanship
 Meetings of Members—Types, Methods, and Principles Underlying Success

TRADE ORGANIZATION SUBJECTS

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 Membership
 Publicity
 Committees
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 Direct Service Activities
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 The Secretary and His Job

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 Traffic and Other Street and Highway Problems
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 National Ass'n of Commercial Organization Secretaries
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THE fifth annual session will be held at Northwestern University, Evanston, Illinois, July 20 to August 1, 1925, inclusive.

The Chamber of Commerce of the United States officially recommends that every constituent member urge its secretary to attend the school.

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Attractive dormitory accommodations on the campus, on the shore of Lake Michigan. Also boating, tennis, bathing, golf.

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for out-of-town customers

THE officers who serve customers in the Irving-Columbia Out-of-Town Office are specialists in a most practical, useful sense.

Some of them have been bank executives in other cities. Some have served as field representatives. All are familiar with the requirements of customers in different parts of the country—requirements with which they are kept in constant touch through an Advisory Board, whose members are representative of important industries of the Nation.

Concentrated in the Out-of-Town Office, a separate banking unit devoted wholly to the business of customers outside of New York City, the service of these specialists is your assurance that every transaction will be handled with understanding, accuracy and despatch.

And behind this Office are all the vast resources and world-wide connections of a great financial institution

IRVING BANK-COLUMBIA TRUST COMPANY

NEW YORK CITY

There's Fun in Knowing Fred Kelly, who

writes the Human Nature in Business column for this magazine every month, and whose latest book, "The Fun of Knowing Folks," almost makes you feel that you have spent a couple of hours in his genial company.

Fred Kelly brought to his suburban retreat near Washington, where he does his writing, a complete understanding of real people in and around the Indiana town where he grew up. This understanding made possible the writing of "The Fun of Knowing Folks." Send \$1 to NATION'S BUSINESS, Washington, for your copy of the book.

data in regard to the laws, weights and measures, etc., in force in the Union.

Statistics given indicate frankly the falling off in production and in foreign trade. These facts, obviously, are not emphasized, but they are there for the runner to read, although the causes in which they are attributed may not be those currently accepted in the bourgeois business world.

Soviet Government monopoly of foreign trade is unequivocally set forth. The Board of Regulation of the People's Commissariat for Foreign Trade, it is stated, "draws up the import and export program of the U. S. S. R., . . . works out the quotas of import and export commodities . . . and sees to the distribution of the quotas . . . among . . . the various countries. It also issues export and import certificates and licenses; regulates the export and import activities of all institutions and departments and persons engaged in the foreign trade, and supervises the exact execution of all legislative resolutions and regulations relating to the foreign trade monopoly."

Chambers of Commerce, in the accepted sense of the word, appear to be non-existent. Four bodies aiming at the "development of economic relations" with specific border States (the Russo-Eastern, Azerbaidjan, Maritime, and North-western District Chambers of Commerce) are given the briefest mention. The importance of Fairs—particularly the Nizhni-Novgorod and Baku Fairs—in internal trade, however, is discussed at some length.

Figures are given covering in detail the production of crops, natural resources and manufactured goods; financial organization, currency and taxation are adequately covered, and the text of the customs tariff is given in full. Russia's foreign relations are diplomatically touched upon, and a list is given of all negotiations and treaties undertaken and concluded to date by the People's Commissariat for Foreign Affairs, together with a formidable list of countries that have accorded *de jure* recognition to the Soviet Government.

While it is hard for anyone not intimately familiar with postwar Russia to appraise the situation there, this Yearbook appears to be an effort to present information about present-day Russia in compact and accessible form; its authors hope to revise it annually.

The Economics of Overhead Costs, by John Maurice Clark. University of Chicago Press, Chicago, Ill., 1923.

Our old friend, the business cycle, sticks his inevitable head into this thoughtful essay in "dynamic economics." Prof. Clark thinks the cycle can be tamed and stresses the idea—in line with the Hoover program—for an elastic schedule for public works, some of which should be prosecuted in times of depression. It is interesting also to read:

"One of the things most needed in order to cure the business cycle is confidence that it can be cured, just as one of the things most vital to maintaining banking solvency is confidence that it can be maintained."

Christian Science for the business cycle!

Industrial Poisons in the United States, by Alice Hamilton. The Macmillan Company, New York, 1925.

An authoritative and inclusive work by the Assistant Professor of Industrial Medicine at Harvard. New industries bring new diseases in their train. The vast chemistry of the coal-tar derivatives has set employers a new task in making the products mankind needs without harm to workers.

That evil weed, tobacco, gets almost a chapter bill of health. Workers in tobacco factories do not grow tuberculous or blind.

Shop and Office Forms, by Wallace Clark. McGraw-Hill Book Company, Inc., New York, 1925.

Forms! Forms! Forms! Storekeeping forms, production forms, cost-keeping forms, maintenance forms, and so on and on—a whole book about them. An excellent book, no doubt, and it is inevitable that as business grows more complex, it must have more forms, but it must make many a business man sigh for a simpler day.

A host of people handle every check you write *what do you know about them?*



PERHAPS with you to write a check is to forget it. But should it be? Did you ever stop to realize where your checks go on their way to the bank—what may happen to them?

They are handled by the clerks of business houses—they are endorsed into hands you have never seen and over which you have no control. They pass across the desks and into the pockets of people whose honesty you must not take for granted. Often as many as forty people handle one of your checks.

The dishonesty of one of the forty spells financial loss for you—if you send out *unprotected* checks. A simple alteration in the amount line, a raising of the figures you write, may wipe out your whole bank account—if you send out *unprotected* checks. Every year the people of the United States lose \$100,000,000 by check fraud, according to the American Institute of Accountants. You place yourself in a position to suffer loss—if you send out unprotected checks.

The one sure means of protection

It is dangerous to send out handwritten checks. They give the opportunity for dishonesty. The only sure way to

remove the possibility of loss is to protect every check you write.

The Todd Protectograph replaces the handwritten, unsafe amount line with an amount line in indelible ink of two colors, shredded through and through the paper. It gives positive protection against "pen changes," the clever method of raising checks that does not need erasures. Erasures become impossible because of the shredding in the paper and the indelible ink forced into it. And the Protectograph operates so easily and quickly that it is welcomed by the people who use it.

Write for "The Lure of the Check"

This booklet gives the inside story of the check sharper. The Todd Company, Protectograph Division. (Est. 1899.) Rochester, N. Y. Sole makers of the *Protectograph*, *Super-Safety Checks* and *Todd Greenbac Checks*.

When the Todd salesman calls, remember these facts about his company



Twenty-six years of service and leadership in the check-protection field. Sales and service offices in all principal cities of this country and in 30 foreign countries.

Salesmen are experts in protecting business funds. Their training and selling methods merit your confidence.

Over 1,000,000 Todd Protectographs in use.

Todd Protectographs are kept in perfect working order by service men in principal cities.

THE TODD COMPANY
Protectograph Division
1174 University Ave., Rochester, N. Y.

Gentlemen:
Please send me a copy of your booklet, *The Lure of the Check*.

Name.....

Firm.....

Address.....

TODD SYSTEM OF CHECK PROTECTION



When writing to THE TODD COMPANY please mention Nation's Business

"Finders keepers, losers weepers" too often comes true when you lose your pocket money

Anyone who has lost money out of pocket will tell you how true it is. And if you want to insult the loser, just ask him if he ever got it back.

If, on the other hand, he was carrying his money in travelers cheques he will probably say: "I should worry. I'll get it back."

The loss of money is no laughing matter unless it was in travelers cheques—

American Express Travelers Cheques

—the safest and most serviceable form of money for pocket use at home or abroad

Easy to obtain, easy to use—spendable anywhere—acceptable everywhere.

Far Better than your own personal cheques, which so often require identification. The American Express Co. is one of the best and most widely known financial and commercial institutions in the world. Its credit is never questioned. Its travelers cheques represent its credit.

Your personal signature, twice, upon these cheques, once when you purchase them, again when you spend them, insures the safety of the money you invest in them. If lost or stolen you simply report to the nearest American Express office and your loss has immediate attention.

Besides, to carriers of American Express Travelers Cheques is extended the helpful personal service of experienced and locally well-known men in more than 26,700 Express offices in the United States and Canada, as well as everywhere abroad.

They come in \$10, \$20, \$50 and \$100 cheques, bound in a small, handy wallet. Ask your banker about them. They cost 75c per \$100.

FOR SALE AT 22,000 BANKS
AND EXPRESS OFFICES

American Express Travelers Cheques

Secure your steamship tickets, hotel reservations and itineraries; or plan your cruise or tour through American Express Travel Department.

Recent Federal Trade Cases

Consolidation of Grocery Firms Did Not Greatly Reduce the Little Competition Among Them Before Combination—Shanks of Collar Buttons, Stamped "Sterling" on the Base, Only Plated With Silver—Shellac in the Labels Was Not "Pure Shellac Gum" in the Cans—Books Bound in "Leather," Publisher Said; "Cloth," the Commission's Answer—Domestic "Sheffield" Not Made in England—Grocery Jobbers Opposed to Manufacturer's Quoting Same Prices to Retailers—Dismissals

INVESTIGATION of an alleged violation of Section 7 of the Clayton Act by a Brooklyn wholesaler of grocery products has resulted in a dismissal of the complaint. The Commission found that on August 23, 1919, the Brooklyn concern took over the businesses of several other concerns. One of the concerns acquired sold grocery products in addition to its trade in meat products. After the consolidation, the Commission says, this concern continued to compete with the company cited until a consent decree of the Supreme Court of the District of Columbia required the concern, together with the other so-called "big packers," to dispose of its grocery business.

There was little competition from any of the concerns at any time, the Commission found, and it therefore concluded that the acquisition of their capital stock did not result in a substantial reduction of competition, as charged in the complaint.



COMPLAINTS charging a Providence corporation and a Boston corporation with misbranding collar buttons have been dismissed by reason of the agreed stipulation as to the facts made by counsel for the Commission and for the Providence corporation, and because the Boston corporation has been dissolved and is no longer in business.

The stipulation discloses that the Providence corporation sold a quantity of collar buttons which were misbranded by having stamped on the base or "shoe" the words "Sterling silver," when in fact the buttons had a top or shank of silver plate, and were not composed of 925-1000 parts of silver, the base or "shoe" being the only part of the buttons so composed. Only one quantity of the misbranded buttons was sold. Before that sale the Providence corporation did not misbrand its buttons, and it has not done so since, according to the facts before the Commission. The corporation has assured the Commission that it has no intention of misbranding its products in the future.

The Boston corporation was cited for use of the word "Sterling" in connection with the sale of collar buttons not composed of 925-1000 parts of silver, a practice condemned by the Commission.



THE WORD "shellac" on a label or in advertising should mean only pure shellac gum cut or dissolved in alcohol, the Federal Trade Commission contends in explaining prohibitory orders issued to three firms that manufacture paints, varnishes, and allied products. Commissioners Nugent and Thompson dissented from the issuance of the orders.

According to the findings, the three firms marketed shellac products ranging from pure shellac made from shellac gum dissolved in alcohol, without adulteration, to compounds containing 60 to 80 per cent of shellac gum with the adulteration of 40 to 20 per cent of resin or other gums. In the designation and branding of the adulterated shellac compounds, the findings say, the firms did not indicate in any way that the shellacs so labeled were not composed wholly of shellac gum, thereby tend-

ing to deceive the purchasing public into the mistaken belief that the products were genuine shellac gum.

Included in the findings is a paragraph on the origin and importation of "shellac," which is

a distinctive commodity produced by insects, the Tachardiae Laccae, found in India and a small portion of Tibet. These insects in swarms feed upon the leaves or twigs of certain trees and there exude a substance which soon encloses the entire swarm. The twigs when detached from the trees with the incrustations are placed in bags or sacks and heated over a charcoal fire, the ends of the bags being twisted until a gum-like substance drips from the bag. This gum is collected on large flat stones or other flat surfaces and there hardens into cakes. These cakes are later broken up into small particles and are exported from India to the United States and various other countries. The industry is quite an extensive one, and there was imported into the United States in 1921, 28,200,000 pounds.

The Commission's orders, which are almost identical in the three cases, require the firms to discontinue

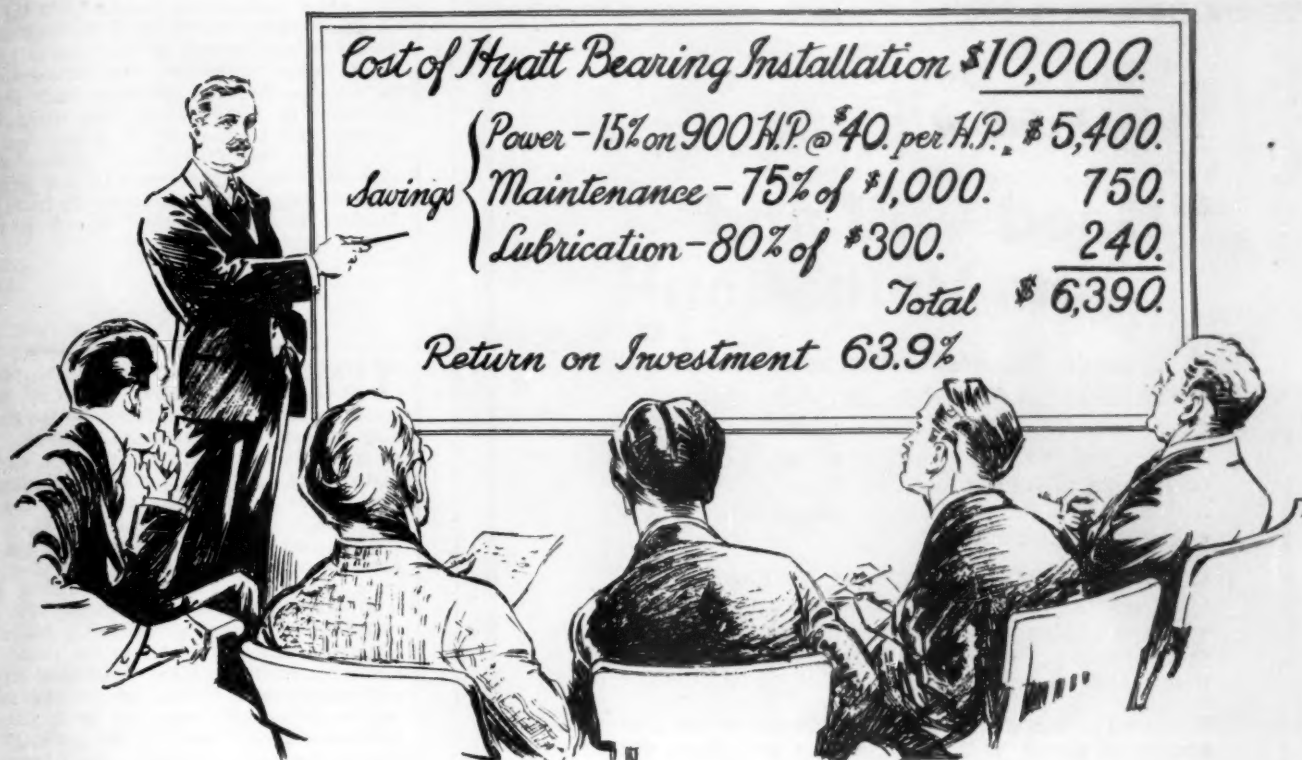
using the words "pure shellac" or "shellac" alone or in connection with a color adjective unless the product designated is pure shellac gum dissolved or cut in alcohol; using the word "shellac" alone or in connection with any other word or words to designate a product which is not pure shellac but in which shellac gum is the principal and predominant element unless accompanied by the word "compound" in equally conspicuous letters; using the word "shellac" alone or in connection with any other word or words to designate a product which is not pure shellac and in which shellac gum is not the principal and predominant element, unless accompanied by the word "substitute" in equally conspicuous letters.



THE "LEATHER" bindings visualized by printed information distributed by a New York publishing house were cloth when examined on the books, says the Commission in reporting the issuance of an order requiring that the publisher discontinue

using or employing the words "limp leather" or "limp croftleather" in advertising literature, catalogs, pamphlets, or otherwise, to describe the bindings of books which are bound with any material other than leather; or using or employing the words "limp croftleather" upon the covers of books which are bound in materials other than leather; or using or employing the word "leather" either alone or in combination with any other word or words, except the words "imitation," "artificial," or "substitute," to describe the bindings of books which are bound in material other than leather.

According to the findings, the company publishes and sells a set of books under the name of "Modern Library." These books are bound in a cloth binding which is finished to simulate



"The promised return on our Hyatt bearing appropriation has been doubled"

THE executive board of a representative corporation favors the installation of improved equipment but requires a 30% return on the investment, through the savings effected

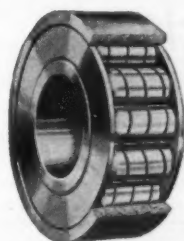
Based on records of performance in other plants, an appropriation of \$10,000 was authorized to replace their babbitted line shaft bearings with Hyatt roller bearings. A close check on results was kept.

At the annual meeting, when reviewing the year's activities, the General Manager was able to report that the return on the investment in Hyatt bearings far exceeded expectations—being \$6,390 or 63.9%.

Not only on line shafting but in any mechanical equipment—wherever wheels, pulleys, gears

and shafts turn—Hyatt bearings are a means of eliminating the waste and destruction of plain bearing friction.

Rolling motion, coupled with positive lubrication and built-in durability, result in lower fuel and power costs, lower costs for lubricating material and labor, lower maintenance costs. Overhead is reduced through uninterrupted operation—time out for bearing repairs and replacements is practically eliminated.



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Court decisions are quoted bearing upon the taxability of Good Will. Suggestions are given for preparing an estate to meet tax demands.

Appearing first as an article by Mr. A. C. Ernst in Printers' Ink, "*Good Will and Its Valuation*" aroused such wide interest as to warrant its publication in booklet form. A second edition of this booklet is now off the press, and copies will be mailed to business executives on request. Address nearest office.

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AUDITS — SYSTEMS

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closely the appearance and texture of leather but which contains no leather. On the paper wrapper bearing the name of the book and the author is also printed in conspicuous type the words "limp croftleather," the Commission says. In catalogs, leaflets, and other trade literature published by the company were statements regarding the bindings of its books, and these statements, the Commission reports, asserted that "Modern Library volumes are bound by hand of limp leather," and "All the books in the Modern Library are hand bound in flexible style."



THREE jobbers and one manufacturer of silverware, all of New York City, are directed in separate orders issued by the Commission to stop using the word "Sheffield," alone or in combination with other words, on silver-plated ware not made in Sheffield, England, and not of the quality associated with the name "Sheffield."

The firms cited in the orders, says the Commission, caused to be stamped on silver-plated ware the words "Sheffield," "Sheffield Plate," and other designations including the word "Sheffield," and that silverware so marked was ultimately offered for sale to the public. The silverware so stamped, the Commission says, was not manufactured in Sheffield, England, and was not of a quality associated with the terms "Sheffield Silver," and "Sheffield Plate." Such use of the word "Sheffield" was misrepresentative, confusing and misleading, the findings state, and created an undue preference for the firm's products to the detriment of competitors who refrained from using the terms in the marketing of their products.

All of the firms entered into an agreed statement of facts. The orders require that the firms

do cease and desist from employing or using in connection with the sale of silverware which has not been made in Sheffield, England, the name "Sheffield" alone or in combination with any other name or with any word, sign, symbol, or device, to describe or designate such silverware either by stamping or impressing the name "Sheffield" thereon in any other manner.

ACTS OF members of a wholesale grocers' association constituted a conspiracy and combination to confine the interstate business of the Procter & Gamble Company to the channels of distribution considered "proper" by the association, contends the Commission in reporting the issuance of an order intended to stop practices regarded as unfair competition by the Commission.

The association includes wholesale grocers in the western half of Missouri and throughout the state of Kansas. The retail grocers with whom they do business, the Commission explains, are located in Missouri, Kansas, Oklahoma, Colorado, Arkansas, Iowa, and Nebraska.

From the findings in this case, one of the purposes of the association was to deal collectively with the competition from manufacturers who sell direct to retailers and at the same time to wholesale grocers. The findings further state that the members of the association until July 1920, handled the products of the Procter & Gamble Company, a manufacturer of soap, washing powder, and cooking fats. Before that time it was Procter & Gamble's policy to distribute products to retail grocers within the association's territory exclusively through jobbers the Commission found. On July 1, 1920, the Procter & Gamble Company put in effect a new sales policy of selling both to retailers and wholesalers at the same price for equal quantities bought, thereby becoming a competitor of the jobbers in the association, and conflicting with the association's code of ethics, the findings state. This code, according to the association's secretary as quoted by the Commission, designated competition between jobbers and

manufacturers as "improper methods and illegitimate practices."

Immediately after the adoption of the new sales policy by Procter & Gamble, the Commission says, numerous bulletins were issued by the association's secretary in which its members were encouraged to discontinue handling Procter & Gamble's products, and were urged to push the sale of competing commodities. Subsequent to the circulation of these bulletins, the association entirely discontinued purchasing the products of Procter & Gamble, the Commission explains, and began a vigorous campaign to replace the company's products on retailers' shelves with those of competing manufacturers who announced their continued loyalty to the jobber as their channel of distribution.

The order requires that the association, its officers, and directors, individually and as representatives of the members, and the members of the association, their agents, representatives and employees

cease and desist from conspiring, confederating or agreeing among themselves or with others directly or indirectly to hamper and obstruct or hamper or obstruct the interstate business of manufacturers who sell to jobbers and retailers indiscriminately.

The order also specifies in twelve paragraphs the trade practices banned by the Commission.

DISMISSALS have been entered in a considerable number of cases—among them cases involving a cigar maker, a manufacturer of dry paste used by paper hangers and book binders, five lumber companies, an automobile dealers' association, a foundry and furnace company, a manufacturer of malt beverages, a maker of "ink pencils," a manufacturer of toilet preparations, a publisher of a trade journal, and a bottle company. To most of these dismissals Commissioners Nugent and Thompson noted their dissent.

The charges and the grounds for dismissal in the several cases, as reported by the Commission, were:

Use of the word "Havana" in connection with the sale of cigars not made entirely of tobacco grown on the island of Cuba. The practice has been discontinued.

Maintenance of standard resale prices for dry paste. The practice has been abandoned.

Selling in interstate commerce western pine, known to botanists as "Pinus Ponderosa," under the name of Western White Pine. The companies had ceased the practice six months before service of the complaints, and adopted and since have used the name of "Pondosa Pine."

Combining to fix uniform allowances and valuations for used automobiles. No interstate commerce was shown.

Unfairly attempting to obtain the business of a competing furnace company. The case presented a private controversy, with no public interest.

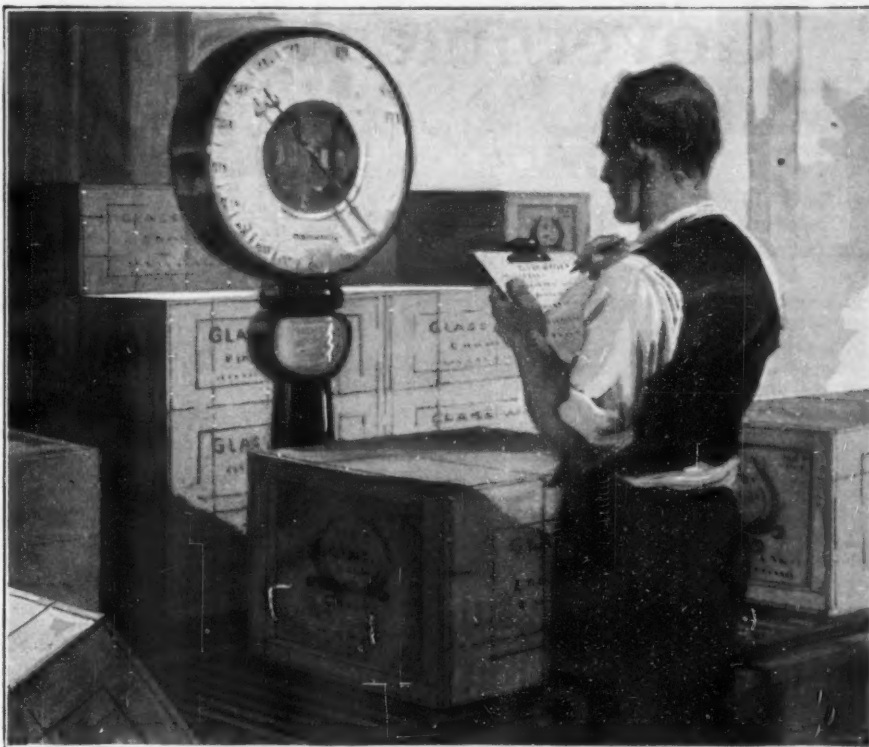
Simulating the labels used on a similar malt beverage. A private controversy was involved, and the public interest was not sufficient to justify further proceedings.

Use of a corporate name similar to that of the L. E. Waterman Fountain Pen Company, causing confusion in the public mind. The concern cited has gone out of business, and there is no longer any public interest in further action by the Commission.

Simulation of the labels of a competing manufacturer of toilet preparations. Dismissed because the case involved a private controversy, and for lack of public interest.

Simulating the name of a competing publication. The rights involved were of private concern, and because there was no public interest sufficient to justify further action by the Commission.

Reducing competition in the glass-bottle industry by acquiring the share capital of competing concerns. The Commission found that there was no considerable lessening of competition.



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SUPPOSE your present box or crate weighs 39 pounds, but that a General Box Engineer designs a stronger box weighing only 22 pounds. Figure your average transportation cost at a cent a pound—seventeen cents saved on every box.

Suppose further that your present box costs you \$1.40 for material and labor and that the new box could be bought from us at a saving of 43 cents.

Wouldn't you in such a case become a customer of ours—in this instance for Pioneer Boxes—just as did the manufacturer whose story is told above? We will gladly send a General Box Engineer, without cost to you, to study your shipping methods and to plan savings for you.

Stories of actual savings are told in "General Box Service"—a series of bulletins we will send if you write us on your business letter head.

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Pioneers are boxes or crates made of thin, tough lumber and strapped with three or more steel wires of great strength. The wires are stapled on. The staples are anchored.

The boxes (or crates) are made in many sizes and shapes and are delivered in flat folding form.

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Receivers like these containers because of the simplicity of opening and unpacking—and re-using.

A booklet "Incoming Shipments" covers the subject of proper boxing and crating from the receivers point of view. Sent free, on request.

Government Aids to Business

THE METALLURGICAL TREATMENT of zinc-retort residues is discussed in Technical Paper 341, issued by the Department of the Interior through the Bureau of Mines. The

Zinc Recoverable From Residues of Concentrates

The paper presents the results of experimental work done by B. M. O'Harra, associate metallurgist, Bureau of Mines, under a cooperative agreement with the Missouri School of Mines and Metallurgy.

The residues resulting from the retort distillation of zinc ores have 25 to 75 per cent of the weight of the original ore and contain 5 to 15 per cent of zinc, says the author. They consist of unconsumed coal or coke, and the constituents of the ore that are not volatilized during the distillation of the zinc. Estimating the weight of the retort residues at 40 per cent of the weight of the concentrates smelted, and assuming the residues to have an average zinc content of 8 per cent, the author calculates that approximately 360,000 tons of residues, containing about 28,800 tons of zinc, are produced annually in the United States. In addition to the current production of residues, at many smelter sites there are large accumulations from past operations available for treatment whenever treatment becomes profitable.

This paper, "Metallurgical Treatment of Zinc Retort Residues," is obtainable from the Superintendent of Documents, Government Printing Office, Washington, D. C., at 5 cents a copy.

FOREIGN TRADE in American meats and meat products is reviewed from colonial times to the present day in "The Marketing of American

Meats Important in America's Foreign Trade

Meats and Meat Products in Export Trade," prepared by J. E. Wrenn of the Foodstuffs Division, Department of Commerce, in cooperation with exporters of meat and meat products. This export trade had grown to a valuation of \$272,659,000 in 1924. It was 6 per cent of the total exports for that year, and had increased 88 per cent over the average value of meat exports during the period 1910 to 1914.

From the historical aspects Mr. Wrenn turns to a consideration of the productive and marketing centers in the United States, processes of slaughtering, facilities for distribution, foreign markets, handling export orders, ocean transportation, payments, finance and credit, packing for export, trade rules, trade usages abroad, market news and trade statistics. Also included is an informative appendix of documents used in the export meat trade.

Mr. Wrenn's report is published as Trade Information Bulletin No. 333. It may be obtained from the Superintendent of Documents, Government Printing Office, Washington, D. C., at 10 cents a copy.

THE TESTING OF FIRE HOSE for the government departments is one of the important activities of the Bureau of Standards. During last year the

High Pressure Makes Fire Hose Warp and Twist

Bureau tested samples of fire hose representing purchases that amounted to \$50,000. Aside from the physical and chemical tests which are made to ascertain whether materials of the proper quality have been used in the hose, hydrostatic tests are made on the finished 50-foot lengths.

The most common type of fire hose, the Bureau says, is made with a rubber lining protected with two woven cotton jackets. It is usually made in 50-foot lengths with a coupling at each end. For the hydrostatic test the hose is laid out on a level floor, with one end capped and the other end connected to a hydraulic pump.

As the pressure is gradually increased from 0 to 400 pounds per square inch, the hose "warps" into a snake-like appearance. The hose also twists on its axis in one direction or another,

and increases in length so that a hose 50 feet long under no pressure may be 52 or 54 feet long under a pressure of 400 pounds. If the hose tends to twist, which it usually does, it must be in a direction which will tighten rather than loosen the couplings.

The Federal requirements for the purchase of fire hose are presented in Bureau of Standards Circular 114, obtainable from the Superintendent of Documents, Government Printing Office, Washington, D. C., at 5 cents a copy.

MINIMUM LIVE LOADS allowable for use in the design of buildings, as determined by the Department of Commerce Building Code Committee,

A Report on Live Loads in Building Design

are presented in a report published by the Bureau of Standards in the elimination-of-waste series. The committee includes engineers and architects appointed by Secretary Hoover early in 1921. Its report is made in three parts: A brief description of the organization of the committee, and its method of preparing and presenting its recommendations; recommendations suitable for adoption by municipalities; and information on live loads and related subjects not suitable for inclusion in a building law, but explanatory of the recommended requirements and descriptive of good practice.

In acknowledging receipt of the report Secretary Hoover wrote

the recommendations of the committee make possible, I believe, savings of millions of dollars a year for the American people, and thus contribute toward a higher standard of living.

Copies of the report, "Minimum Live Loads Allowable for Use in Design of Buildings," are obtainable from the Superintendent of Documents, Government Printing Office, Washington, D. C., at 10 cents each.

CONDITIONS THAT AFFECT the stopping distance of an automobile are explained by H. H. Allen of the Bureau of Standards in a paper based on an investigation to determine the minimum distance in which a car could be brought to a stop on application of the brakes.

A Scientific Approach to Brake Efficiency

The paper probably will be published in the *Journal of the Society of Automotive Engineers*.

From equations and curves included in the paper, the Bureau says, the minimum stopping distance may be predicted with reasonable accuracy under given conditions, or these conditions determined if the stopping distance is known. For instance, a small coupé equipped with two-wheel brakes could not be stopped in less than 44 feet on a dry concrete road having a coefficient of traction of about .7, but on the same road and at the same speed, the Bureau says, a large seven-passenger touring car with two-wheel brakes could be stopped in 37 feet. With four-wheel brakes either could be stopped in about 20 feet.

If the coefficient of traction is 1.0, as it might be on rough concrete, the car with four-wheel brakes could be stopped in 14 feet. The stopping distance is influenced by the coefficient of traction between the wheels and the road, and this in turn depends on the percentage of weight carried on the braked wheels.

THE COURSE of wholesale prices from 1890 to 1923 is shown in Bulletin No. 367 issued by the Bureau of Labor Statistics, Department of Labor.

Course of Prices, at Wholesale, 1890 to 1923

Summary tables show the sources of price quotations, the number of commodities classified as to frequency of quotation, and changes in average prices from 1922 to 1923. Yearly index numbers from 1890 to 1923 are given for the various

groups of commodities, with yearly average and relative prices of individual commodities from 1890 to 1923 and monthly data for 1922 and 1923.

Appendixes of the bulletin give the weights used in constructing the index numbers, the relative importance of commodities as measured by their values in exchange, and group index numbers from 1900 to 1912. Index numbers by groups and subgroups of commodities, are shown for the period from January, 1913, to December, 1923. A chapter by Alvin H. Hansen of the University of Minnesota presents index numbers of wholesale prices for the years 1801 to 1840, together with prices of commodities in the cities of Boston and New York.

The bulletin is obtainable on application to the Bureau of Labor Statistics, Department of Labor, Washington, D. C.

WITH THE TENDENCY among retailers to buy in smaller quantities and to increase their rate of turnover, the present-day need of convenient

Warehouses a Service Link in Distribution

merchandise warehouses to meet the demand for prompt delivery and efficient service is emphasized, says A. Lane Crichton, chief, Railway Section of the Transportation Division, Department of Commerce, in "The Merchandise Warehouse in Distribution," issued by the Department of Commerce as No. 15 of the Trade Promotion Series.

Goods are seldom placed or held in storage in anticipation of rising commodity prices, the report says, in explaining that the storage warehouse for general merchandise is a service link between the producer and consumer, and may be likened to a bank or clearing house through which money in the form of goods circulates or is deposited for safekeeping to be held at the demand or draft of the depositor.

The bulletin considers the advantages and service opportunities offered by storage warehouses, and includes tables relative to loss-and-damage payments, freight rates, and warehouse storage and handling costs.

Copies of the bulletin are obtainable from the Superintendent of Documents, Government Printing Office, Washington, D. C., at 10 cents each.

BRAKE TESTS on 330 motor trucks made by the Bureau of Standards in cooperation with the Bureau of Public Roads disclose, the Bureau of

Truck Brakes Tested for Stop Distance

Standards says, that the stopping distance is not dependent on the weight of the truck and that the average stopping distances for motor trucks are greater than for passenger cars.

This difference, the Bureau of Standards believes, is because of inadequate brake equipment, but the Bureau explains that there is no evidence of any inherent difficulty in making brakes which will give as short stopping distances for trucks as for passenger cars. The tests were made in and near Cincinnati, Ohio.

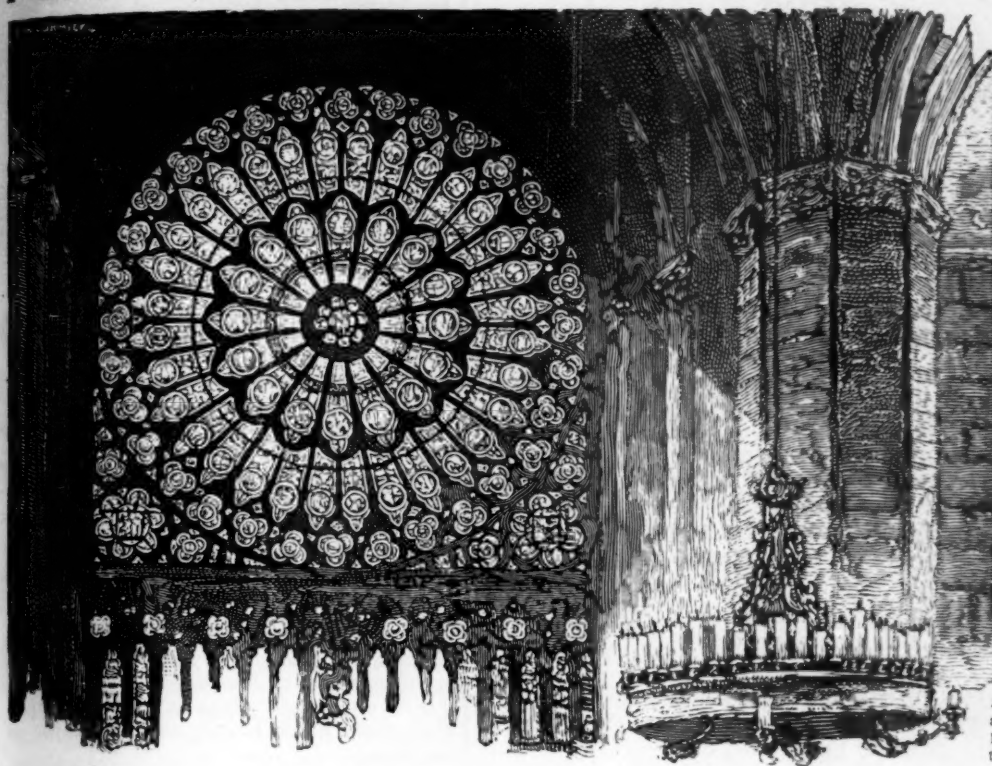
DETAILED INFORMATION on the port facilities and commerce of the ports of Los Angeles, Long Beach, San Diego, and San Luis Obispo, California, is presented in Part

Port Facilities of Four Cities in California

Series No. 13, prepared by the Board of Engineers for Rivers and Harbors, War Department. The new volume includes sections on port and harbor conditions, port customs and regulations, services and charges, fuel and supplies; facilities available for service to commerce and shipping inclusive of piers, wharves, dry docks, ship-repair plants, etc.

The report is obtainable from the Superintendent of Documents, Government Printing Office, Washington, D. C., at 75 cents a copy.

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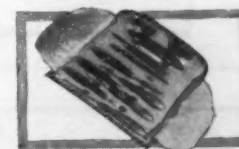
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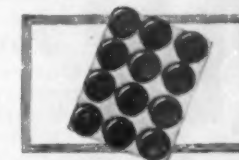
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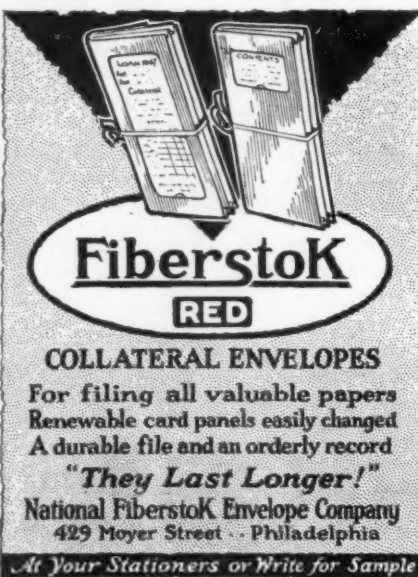
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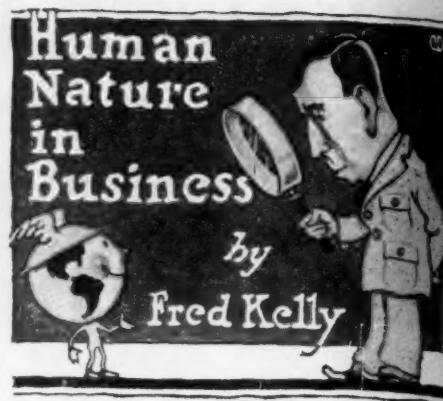
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FOR A LONG time I have observed the tendency of average men in business to do things backward. Take farmers, for example. If wheat has been plentiful and prices consequently low, most farmers think wheat prices will be equally low next year and don't plant much wheat. The result is a comparative scarcity of wheat the next year and high prices. Following high prices, the farmer is sure to put all the land he can into wheat and this brings about the lower prices once again. Even if the Department of Agriculture sends out warnings that there is going to be an overproduction of wheat, the average farmer thinks: "I'll let the others follow that warning, but I'll plant wheat just the same. Everybody else will follow the warning, wheat will be scarce, prices high and I'll have plenty of wheat to sell." He forgets that every other farmer will reason just as he does.

A SUCCESSFUL business man who makes a part of his annual income from carefully planned stock speculation recently told me:

"Whenever I am holding a bunch of stocks on margin and find myself calling my broker several times a day, or even once a day, to inquire about prices, I know it is time to reduce my holdings. Unless I am content to wait for my information until the evening paper comes, then my position must be somewhat perilous. No man but a professional stock manipulator should have so much invested in the market that the fluctuations for any one day should cause him much concern."

NEARLY every year, broom corn is raised most abundantly in some other part of the country than where the biggest crop was the year before. This is because farmers plant it only when they have noticed high prices. When low prices follow high prices, because of overproduction, as usually happens, they then let broom corn alone. It will next be raised in a locality that hasn't tried it for several years and hasn't had a recent disappointment over it.

"**V**ANITY is the most serious cause of stock-market losses," a broker tells me. "Men hate to have their broker know that they sold at a slight loss on certain stocks and held on too long in an unfavorable market, hoping eventually to get out with a profit."

TWO FRIENDS of mine have each made money from buying up rare books. One makes a business of going about the country and visiting Salvation Army stores where the sellers have little idea of book values and he can pick up astonishing bargains. The other goes through the country and to

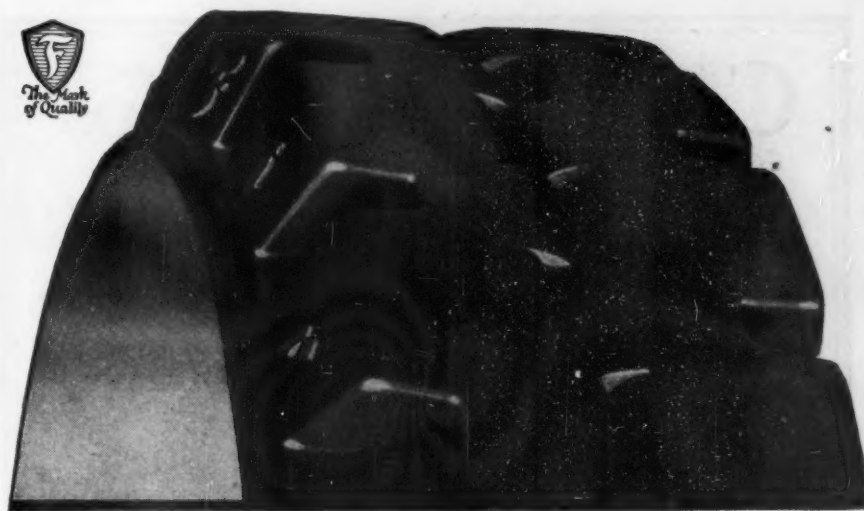
small towns with a little Ford truck peddling tinware. He offers to take old books in exchange for his tinware. If he offered money people would suspect him of being a book authority and demand higher prices. But they don't expect much for a book from a man selling tinware.

"HOUSEWIVES add far more to the wealth of a nation than anybody believes," declares a feminist. "A rug swept is far more valuable than a rug dirty and a piece of roast beef cooked is more valuable than the same piece uncooked. It would be interesting to know just how many millions of dollars in value housewives of a nation create each day."

GRAPEFRUIT used to be called pomelo and supplanted a similar fruit known as shaddock. Neither shaddock nor pomelo made much headway in American markets and I am wondering if this wasn't at least partly because of the names. I can't imagine being willing to eat shaddock as a breakfast fruit, no matter how edifying might be the taste. Pomelo sounds better than shaddock, but is hardly as appealing as the sound of grapefruit. People probably like a new kind of food to have a good sound as well as a good taste.

I SPENT a day recently in a beautiful hotel located on the main street of a small New England town. It is a large building, but because of high ceilings and elaborate lounging rooms has comparatively little space devoted to guest rooms. There is much waste space. The grounds, too, are expensively laid out. Of course the hotel doesn't pay. There is no attraction there to make people willing to pay resort prices and even if all rooms are kept filled at ordinary transient rates, the hotel loses money. The point is simply that I wonder why the owners didn't think of all this and know what they were doing before they went to the expense of building the hotel. Experimenting with actual money is always too costly as compared with experimenting on paper with imaginary money. Business enterprises that are successfully launched with small capital must have all facts before them in advance. Indeed, the Wright brothers discovered flying because they did most of their experimenting on paper. Their entire outlay of money up to the time they conquered the air was only about \$2,000. Except for their ability to make figures on paper take the place of costly apparatus their modest means would have been exhausted long before the job was done and they would never have flown.

A YOUNG man I know recently began a job as salesman for iceless refrigerators. It was his first job since leaving college and he had had no previous experience as salesman. Yet I am convinced that he will be successful. For within a week after he started on this job he showed brains. In going about town in search of possible iceless refrigerator customers, he chanced to notice men dumping coal in front of a home. It was a balmy day in May and the coal could not have been intended for use before next fall. Wheelbarrow tracks from the street to cellar windows showed that several wagonloads of coal must have been delivered. He assumed, therefore, that people who could afford to buy coal so long before it is needed, in order to get it cheaper, must have money in the bank, and could, if they so desired, buy one of his iceless cooling chests. That was the first intelligent thing he did. When



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Treasurers.....	9,987
Partners and Proprietors.....	11,484
Directors, Chairmen of Boards, Comptrollers, General Counsels, Superintendents and Engineers.....	8,052
General Managers.....	14,857
Department Managers (Branch—Purchasing—Sales —Export, Etc.).....	14,049
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NATION'S BUSINESS, Washington

*Figures based on a complete investigation of all subscribers in twelve cities

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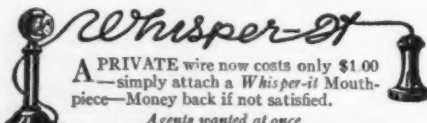
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A. J. McDADE, 63 Park Row, New York

he called at the home to show goods he did still another smart thing—told them exactly how he happened to come. He explained that he thought, after noticing the coal in front, that they must be thrifty, sensible folks, the very kind who would appreciate a new-fangled refrigerator. This flattered them and the charming woman bought not only an outfit for herself but one for her daughter. The moral to my tale seems to me that even coal men should not be passed unnoticed.

ONE DAY I was waiting for my boy friend in his father's bank when a customer came in to see the head of the institution. One of the clerks tried to satisfy his needs, but he insisted on dealing with the old man. "Oh, very well," said the bank president, with a shrewd glitter in his eyes; "send him back here and I'll outfigure him!"

Who's Who in This Issue

HARPER LEECH is a Chicago newspaper man who has seen milk-and-water radicals at work. Mr. Leech believes that "more and better Babbitts" are what this country needs.

WILLIAM TRUFANT FOSTER is head of the Pollak Foundation for Economic Research. **WADDILL CATCHINGS** is a partner in Goldman, Sachs & Co. They are joint authors of economics works, including one on "Money."

HARRY R. WELLMAN is Professor of marketing in the Tuck School at Dartmouth College.

JAMES L. MADDEN is manager of the Insurance Department of the National Chamber.

HENRY SCHOTT is a member of the staff of *NATION'S BUSINESS*.

HARRY BOTSFORD is a writer on business subjects who has made something of a specialty on selling and selling methods.

R. S. HENRY is a former newspaper man who is now on the staff of the Nashville, Chattanooga & St. Louis Railroad.

F. S. TISDALE is a former managing editor of *NATION'S BUSINESS* and is rapidly making a name as a writer of fiction.

NAT OLDS has been both a writer by trade and advertising manager of a large industry.

JARED VAN WAGENEN, JR., is a real farmer in New York State. We sometimes think that this magazine finds too many of its farmers in the middle west and too many business men on the Atlantic coast. Therefore, Mr. van Wagenen is doubly welcome when he writes on problems of agriculture.

WILLIAM P. HELM, JR., is an author and student of economics whose special subject is taxation.

G. A. O'REILLY knows the Far East intimately, having gone to the Philippines in the Spanish War, and having remained there in business. He is now a vice-president of the Irving Bank-Columbia Trust Company.

IRVING S. PAULL was secretary of the Joint Commission of Agricultural Inquiry and is now a business consultant.

M. S. SLOAN, president of the Brooklyn Edison Company, is an engineer by profession. He has written many pamphlets, more particularly on the question of the public relations of the utilities.

Where other magazines have printed August fiction numbers, *NATION'S BUSINESS* has always devoted its August numbers to the fact that truth is stranger than fiction, and to the romance of business and the unusual thing in business. This year we believe that the August number will be the most striking we have ever presented.